

FINANCIAL TIMES

SOVIET UNION

Moscow to increase nuclear energy

Page 3

D 8523A

FT No. 31,463

© THE FINANCIAL TIMES LIMITED 1991

Tuesday May 28 1991

World News Business Summary

Mystery over cause of blast in Thai air crash

The cause of the mid-air explosion of an Austrian airliner over Thailand remained a mystery after Austrian and Thai police discounted reports that a bomb brought down the Boeing 767-300, killing all 223 people on board.

The Lauda Air aircraft crashed on Sunday night in jungle about 20 minutes after leaving Bangkok en route for Vienna. Rescue workers have recovered one of the "black box" flight recorders. Page 20

BJP senses victory
India's main opposition group, the Bharatiya Janata party (BJP), believes it is close to obtaining an absolute majority in the new parliament. It will launch an aggressive election campaign before polling resumes on June 12. Page 20

Georgia nationalist wins
Nationalist leader Zviad Gamsakhurdia won a landslide victory in Georgia's presidential election, intensifying the battle between separatist republics in the Soviet Union and the Kremlin. Page 3

Kuwait crackdown
Kuwaiti prime minister Sheikh Saad al Sabah ordered a crackdown on human rights abuses after admitting that the abduction and torture of non-Kuwaitis still continued. Page 6

Setback for Socialists
Spain's ruling Socialist party suffered a serious setback in local elections, losing control of Seville and Valencia and failing to prevent an outright conservative victory in Madrid. Page 20

Liberals lose majority
The conservative Liberal/National party government of New South Wales, Australia, is likely to need the support of independent MPs to retain power, after unexpectedly losing its majority in a state election. Page 6

Israel seeks arms talks
Israeli defence minister Moshe Arens has called for an international conference of arms suppliers and recipients in order to cut the flow of weapons to the Middle East. Page 7

UK increases Africa aid
Britain pledged an extra 60,000 tonnes of food for Africa, as part of the European Community's planned overall shipment of 600,000 tonnes to the continent this year. Page 7

S African MPs defect
About 30 members of the Coloured house of South Africa's parliament have left the Labour party and joined the ruling National party. They have become the first non-white MPs for the party which once championed apartheid. Page 6

Iranians visit Mecca
The first Iranians to go on the Hajj pilgrimage to Mecca in 1987 flew to Saudi Arabia, ending Tehran's three-year boycott of the pilgrimage.

Thatcher mobbed
Former UK prime minister Margaret Thatcher was mobbed by cheering students at the State Institute for International Relations in Moscow. She urged them to support President Gorbachev.

Call for order in S Korea
South Korean president Roh Tae-woo told his newly reconstituted cabinet to restore order as angry students in Seoul clashed with police over the death of a colleague. Slow transition. Page 4

Baloteras wins title
Seve Ballesteros of Spain won the British PGA golf championship at Wentworth after a sudden death play-off with Colin Montgomerie of Britain.

Fed seeking more power over foreign banks in US

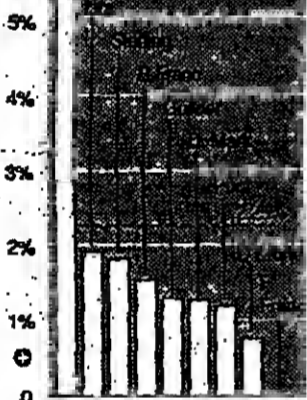
The US Federal Reserve is strengthening its supervision of foreign banks operating in the US.

The move comes in the wake of Bank of Credit and Commerce International's conviction for money laundering and disclosure of its previously secret involvement in First American Bankshares of Washington DC.

The Fed is seeking the power of prior approval in deciding whether a foreign bank may set up or maintain a US banking presence. Page 20

JAPAN: Top Japanese banks
saw profits fall in 1990 for the second year in a row. The combined unconsolidated pre-tax profits of 11 leading commercial banks fell 23.4 per cent in the year to the end of March. Page 21. Japanese trust banks' profits. Page 23

EUROPEAN MONETARY SYSTEM
Starting surpassed second place in the exchange rate mechanism to the Italian lira after Friday's cut in UK bank base rates. Speculation increased that Spain will be forced to reduce rates to ease upward pressure on the strong peseta. The weakest placed French franc suffered from nervousness about the policies of the new prime minister, while the second weakest Danish krone was depressed by a cut in official interest rates in Copenhagen. The chart shows the member currencies.



of the exchange rate mechanism measured against the weakest currency in the EMS's narrow 2.25 per cent fluctuation band. In practice, currencies in the EMS narrow band cannot rise more than 2.25 per cent from the weakest currency in that part of the system. Sterling and the Spanish peseta operate with 6 per cent fluctuation bands.

THE WEST GERMAN coal industry's DM100m (\$5.8m) in annual subsidy is under renewed attack in Bonn and Brussels and is unlikely to survive the year in its present form. Page 2

NISSAN UK, the privately owned company embroiled in a legal fight against the termination of its exclusive British distribution franchise for Nissan vehicles, made a pre-tax profit of 567.1m (\$38.6m) in the year to end-July 1990, virtually unchanged from the 567.7m a year earlier. Page 21

THYSSEN, German steel and engineering group, saw net profits fall sharply to DM227m (\$12.5m) in the first half from DM303m 12 months earlier. Page 20

FINANCE, French timber, electrical distribution and trading group, unveiled terms under which it is to pay up to FFrd.4bn (\$750m) for control of Conforama, France's largest furniture chain. Page 22

DEUTSCHE Bank Capital Markets will start operating as a gilt-edged market-maker early next year. Page 22

Premier rejects US call for rebels to take over Addis Ababa

Ethiopian truce hits setback

By Julian Ozanne and Michael Holman in London

ETHIOPIAN peace talks received a setback last night when the country's prime minister rejected a US call for rebel troops to be allowed to take over the capital, Addis Ababa.

Mr Tesfaye Dinka, leading the Ethiopian government's delegation to US-brokered London peace talks, rejected the terms of a ceasefire agreement which appeared to be reached earlier in the day.

A dramatic truce, announced in London just 24 hours after discussions opened, was part of a peace deal which envisaged the installation of a transitional government dominated by the rebel Ethiopian People's Revolutionary Democratic Front (EPRDF). The agreement, which planned for rebel troops to take over Addis Ababa, was described by an angry Mr Tesfaye as "the wrong move". He threatened to take no further part in the talks unless it was reversed.

His statement followed hopes that a swift conclusion to the conflict would be made possible by intense US diplomatic activity and a general recognition by all parties that the imminent disintegration of Ethiopia was looming. Broad support for a quick deal was also forthcoming from the Soviet Union, once the main backer of ex-president Mengistu Haile Mariam, who last week fled to Zimbabwe.

For the first time in 30 years Ethiopia seemed to have an opportunity for peace and reconstruction, but observers warned that many obstacles lay ahead in securing and implementing an agreement which would lead to democratic elections.

In Addis Ababa yesterday, rebel commanders ordered their troops to move into the capital after a day of sporadic shooting in the city and the closure of the airport.

After a day which appeared to mark the final capture of the Ethiopian government, Mr Herman Cohen, the US Assistant Secretary of State for Africa, emerged from talks taking place at a London hotel and told reporters: "As I speak a ceasefire is being announced in Addis Ababa by the interim government", left behind by Mr Mengistu last Tuesday.

"The US government is recommending that the forces of the EPRDF, a coalition dominated by the Tigraay Peoples' Liberation Front (TPLF), enter the city as soon as possible to stabilise the situation". Mr Cohen said the EPRDF had "assured" Washington "they continue to plan for a broadly based democratic government leading to a democratic constitution for Ethiopia".

Gunfire was heard yesterday on the outskirts of the capital and from inside the Menelik Palace, the residence of acting president Tesfaye Gebrayes, though it was not immediately clear who was responsible. The city's international airport is closed to traffic and a 5pm to 5am curfew is in force.

Uppermost in the minds of the participants at yesterday's talks, which included representatives from the secessionist Eritrean Peoples' Liberation Front (EPLF) which seeks the independence of Eritrea and the Oromo Liberation Front, is the fate of some 7m Ethiopians at risk from starvation through a combination of civil war and drought.

Further negotiations continue in London today but some fundamental points have already been agreed. All parties appear to accept the dominance of the EPRDF, led by Mr Meles Zenawi, in the transitional administration while the sensitive issue of Eritrean independence has been put to one side. The US assured the secessionist Eritrean Peoples' Liberation Front (EPLF) that a referendum will be held in the near future. One of the options will be an independent Eritrea.

The EPRDF may be reluctantly prepared to concede Eritrean independence. Many Ethiopians, however, and most foreign governments, believe that it would not be in the country's interests. First step on peace road, Page 19

Herman Cohen, US assistant secretary of state for Africa, announces the Ethiopian ceasefire agreement which later appeared to be in doubt in London last night



Herman Cohen, US assistant secretary of state for Africa, announces the Ethiopian ceasefire agreement which later appeared to be in doubt in London last night

the dominance of the EPRDF, led by Mr Meles Zenawi, in the transitional administration while the sensitive issue of Eritrean independence has been put to one side. The US assured the secessionist Eritrean Peoples' Liberation Front (EPLF) that a referendum will be held in the near future. One of the options will be an independent Eritrea.

The EPRDF may be reluctantly prepared to concede Eritrean independence. Many Ethiopians, however, and most foreign governments, believe that it would not be in the country's interests. First step on peace road, Page 19

congressional Democrats have introduced legislation that would cut off MFN trade benefits unless Peking meets stringent conditions.

This may counter some of the criticism that Mr Bush has a particular "soft spot" for China, dating back to the 1970s when he served there as US ambassador. The administration has also cited China in a trade complaint for its alleged intellectual property rights abuses, and this could bring sanctions as well.

The action is likely to trigger one of the biggest political battles of his presidency. Powerful

concerns over Chinese military aid to place restrictions on high-technology exports.

An administration official said the constraints included:

- Banning the approval of some 20 pending licences for the sale of high-speed computer workstations to China.
- Banning the sale of missile-related technologies or equipment such as explosive bolts to the Chinese Precision Machinery Import-Export Corp, a big arms producer.
- Banning the approval of

any new satellite licences to China until it abides by missile-technology controls.

The president must formally notify Congress of China's MFN renewal by June 3. Congress may try to vote it down by a majority vote, but the president can then veto the resolution. Congress would need to muster a two-thirds vote for an override, requiring unlikely Republican defections.

Hong Kong shares, Page 20

Bush seeks renewal of trade deal for China

By Our Foreign Staff

PRESIDENT George Bush said yesterday that a nation as big as China should not limit itself by dealing with nations less just and moral.

Such sentiments, heard increasingly in the US Congress, "offer up a false morality", he said. "You do not reform a world by ignoring it."

MFN offers US trade partners the lowest tariff rates available. It is granted to China on a yearly basis.

In an attempt to satisfy opposition and administration

concerns over Chinese military aid to place restrictions on high-technology exports.

An administration official said the constraints included:

- Banning the approval of some 20 pending licences for the sale of high-speed computer workstations to China.
- Banning the sale of missile-related technologies or equipment such as explosive bolts to the Chinese Precision Machinery Import-Export Corp, a big arms producer.
- Banning the approval of

any new satellite licences to China until it abides by missile-technology controls.

The president must formally notify Congress of China's MFN renewal by June 3. Congress may try to vote it down by a majority vote, but the president can then veto the resolution. Congress would need to muster a two-thirds vote for an override, requiring unlikely Republican defections.

Hong Kong shares, Page 20

congressional Democrats have introduced legislation that would cut off MFN trade benefits unless Peking meets stringent conditions.

This may counter some of the criticism that Mr Bush has a particular "soft spot" for China, dating back to the 1970s when he served there as US ambassador. The administration has also cited China in a trade complaint for its alleged intellectual property rights abuses, and this could bring sanctions as well.

The action is likely to trigger one of the biggest political battles of his presidency. Powerful

concerns over Chinese military aid to place restrictions on high-technology exports.

An administration official said the constraints included:

- Banning the approval of some 20 pending licences for the sale of high-speed computer workstations to China.
- Banning the sale of missile-related technologies or equipment such as explosive bolts to the Chinese Precision Machinery Import-Export Corp, a big arms producer.
- Banning the approval of

any new satellite licences to China until it abides by missile-technology controls.

The president must formally notify Congress of China's MFN renewal by June 3. Congress may try to vote it down by a majority vote, but the president can then veto the resolution. Congress would need to muster a two-thirds vote for an override, requiring unlikely Republican defections.

Hong Kong shares, Page 20

congressional Democrats have introduced legislation that would cut off MFN trade benefits unless Peking meets stringent conditions.

This may counter some of the criticism that Mr Bush has a particular "soft spot" for China, dating back to the 1970s when he served there as US ambassador. The administration has also cited China in a trade complaint for its alleged intellectual property rights abuses, and this could bring sanctions as well.

The action is likely to trigger one of the biggest political battles of his presidency. Powerful

concerns over Chinese military aid to place restrictions on high-technology exports.

An administration official said the constraints included:

- Banning the approval of some 20 pending licences for the sale of high-speed computer workstations to China.
- Banning the sale of missile-related technologies or equipment such as explosive bolts to the Chinese Precision Machinery Import-Export Corp, a big arms producer.
- Banning the approval of

any new satellite licences to China until it abides by missile-technology controls.

The president must formally notify Congress of China's MFN renewal by June 3. Congress may try to vote it down by a majority vote, but the president can then veto the resolution. Congress would need to muster a two-thirds vote for an override, requiring unlikely Republican defections.

Hong Kong shares, Page 20

congressional Democrats have introduced legislation that would cut off MFN trade benefits unless Peking meets stringent conditions.

This may counter some of the criticism that Mr Bush has a particular "soft spot" for China, dating back to the 1970s when he served there as US ambassador. The administration has also cited China in a trade complaint for its alleged intellectual property rights abuses, and this could bring sanctions as well.

The action is likely to trigger one of the biggest political battles of his presidency. Powerful

concerns over Chinese military aid to place restrictions on high-technology exports.

An administration official said the constraints included:

- Banning the approval of some 20 pending licences for the sale of high-speed computer workstations to China.
- Banning the sale of missile-related technologies or equipment such as explosive bolts to the Chinese Precision Machinery Import-Export Corp, a big arms producer.
- Banning the approval of

any new satellite licences to China until it abides by missile-technology controls.

The president must formally notify Congress of China's MFN renewal by June 3. Congress may try to vote it down by a majority vote, but the president can then veto the resolution. Congress would need to muster a two-thirds vote for an override, requiring unlikely Republican defections.

Hong Kong shares, Page 20

congressional Democrats have introduced legislation that would cut off MFN trade benefits unless Peking meets stringent conditions.

This may counter some of the criticism that Mr Bush has a particular "soft spot" for China, dating back to the 1970s when he served there as US ambassador. The administration has also cited China in a trade complaint for its alleged intellectual property rights abuses, and this could bring sanctions as well.

The action is likely to trigger one of the biggest political battles of his presidency. Powerful

concerns over Chinese military aid to place restrictions on high-technology exports.

An administration official said the constraints included:

- Banning the approval of some 20 pending licences for the sale of high-speed computer workstations to China.
- Banning the sale of missile-related technologies or equipment such as explosive bolts to the Chinese Precision Machinery Import-Export Corp, a big arms producer.
- Banning the approval of

any new satellite licences to China until it abides by missile-technology controls.

The president must formally notify Congress of China's MFN renewal by June 3. Congress may try to vote it down by a majority vote, but the president can then veto the resolution. Congress would need to muster a two-thirds vote for an override, requiring unlikely Republican defections.

Hong Kong shares, Page 20

congressional Democrats have introduced legislation that would cut off MFN trade benefits unless Peking meets stringent conditions.

This may counter some of the criticism that Mr Bush has a particular "soft spot" for China, dating back to the 1970s when he served there as US ambassador. The administration has also cited China in a trade complaint for its alleged intellectual property rights abuses, and this could bring sanctions as well.

The action is likely to trigger one of the biggest political battles of his presidency. Powerful

concerns over Chinese military aid to place restrictions on high-technology exports.

An administration official said the constraints included:

- Banning the approval of some 20 pending licences for the sale of high-speed computer workstations to China.
- Banning the sale of missile-related technologies or equipment such as explosive bolts to the Chinese Precision Machinery Import-Export Corp, a big arms producer.
- Banning the approval of

any new satellite licences to China until it abides by missile-technology controls.

The president must formally notify Congress of China's MFN renewal by June 3. Congress may try to vote it down by a majority vote, but the president can then veto the resolution. Congress would need to muster a two-thirds vote for an override, requiring unlikely Republican defections.

Hong Kong shares, Page 20

congressional Democrats have introduced legislation that would cut off MFN trade benefits unless Peking meets stringent conditions.

This may counter some of the criticism that Mr Bush has a particular "soft spot" for China, dating back to the 1970s when he served there as US ambassador. The administration has also cited China in a trade complaint for its alleged intellectual property rights abuses, and this could bring sanctions as well.

The action is likely to trigger one of the biggest political battles of his presidency. Powerful

concerns over Chinese military aid to place restrictions on high-technology exports.

An administration official said the constraints included:

- Banning the approval of some 20 pending licences for the sale of high-speed computer workstations to China.
- Banning the sale of missile-related technologies or equipment such as explosive bolts to the Chinese Precision Machinery Import-Export Corp, a big arms producer.
- Banning the approval of

any new satellite licences to China until it abides by missile-technology controls.

The president must formally notify Congress of China's MFN renewal by June 3. Congress may try to vote it down by a majority vote, but the president can then veto the resolution. Congress would need to muster a two-thirds vote for an override, requiring unlikely Republican defections.

Hong Kong shares, Page 20

congressional Democrats have introduced legislation that would cut off MFN trade benefits unless Peking meets stringent conditions.

This may counter some of the criticism that Mr Bush has a particular "soft spot" for China, dating back to the 1970s when he served there as US ambassador. The administration has also cited China in a trade complaint for its alleged intellectual property rights abuses, and this could bring sanctions as well.

The action is likely to trigger one of the biggest political battles of his presidency. Powerful

concerns over Chinese military aid to place restrictions on high-technology exports.

An administration official said the constraints included:

- Banning the approval of some 20 pending licences for the sale of high-speed computer workstations to China.
- Banning the sale of missile-related technologies or equipment such as explosive bolts to the Chinese Precision Machinery Import-Export Corp, a big arms producer.
- Banning the approval of

any new satellite licences to China until it abides by missile-technology controls.

The president must formally notify Congress of China's MFN renewal by June 3. Congress may try to vote it down by a majority vote, but the president can then veto the resolution. Congress would need to muster a two-thirds vote for an override, requiring unlikely Republican defections.

Hong Kong shares, Page 20

congressional Democrats have introduced legislation that would cut off MFN trade benefits unless Peking meets stringent conditions.

This may counter some of the criticism that Mr Bush has a particular "soft spot" for China, dating back to the 1970s when he served there as US ambassador. The administration has also cited China in a trade complaint for its alleged intellectual property rights abuses, and this could bring sanctions as well.

The action is likely to trigger one of the biggest political battles of his presidency. Powerful

concerns over Chinese military aid to place restrictions on high-technology exports.

An administration official said the constraints included:

- Banning the approval of some 20 pending licences for the sale of high-speed computer workstations to China.
- Banning the sale of missile-related technologies or equipment such as explosive bolts to the Chinese Precision Machinery Import-Export Corp, a big arms producer.
- Banning the approval of

any new satellite licences to China until it abides by missile-technology controls.

The president must formally notify Congress of China's MFN renewal by June 3. Congress may try to vote it down by a majority vote, but the president can then veto the resolution. Congress would need to muster a two-thirds vote for an override, requiring unlikely Republican defections.

Hong Kong shares, Page 20

congressional Democrats have introduced legislation that would cut off MFN trade benefits unless Peking meets stringent conditions.

This may counter some of the criticism that Mr Bush has a particular "soft spot" for China, dating back to the 1970s when he served there as US ambassador. The administration has also cited China in a trade complaint for its alleged intellectual property rights abuses, and this could bring sanctions as well.

The action is likely to trigger one of the biggest political battles of his presidency. Powerful

concerns over Chinese military aid to place restrictions on high-technology exports.

An administration official said the constraints included:

- Banning the approval of some 20 pending licences for the sale of high-speed computer workstations to China.
- Banning the sale of missile-related technologies or equipment such as explosive bolts to the Chinese Precision Machinery Import-Export Corp, a big arms producer.
- Banning the approval of

any new satellite licences to China until it abides by missile-technology controls.

The president must formally notify Congress of China's MFN renewal by June 3. Congress may try to vote it down by a majority vote, but the president can then veto the resolution. Congress would need to muster a two-thirds vote for an override, requiring unlikely Republican defections.

Hong Kong shares, Page 20

congressional Democrats have introduced legislation that would cut off MFN trade benefits unless Peking meets stringent conditions.

This may counter some of the criticism that Mr Bush has a particular "soft spot" for China, dating back to the 1970s when he served there as US ambassador. The administration has also cited China in a trade complaint for its alleged intellectual property rights abuses, and this could bring sanctions as well.

The action is likely to trigger one of the biggest political battles of his presidency. Powerful

concerns over Chinese military aid to place restrictions on high-technology exports.

An administration official said the constraints included:

- Banning the approval of some 20 pending licences for the sale of high-speed computer workstations to China.
- Banning the sale of missile-related technologies or equipment such as explosive bolts to the Chinese Precision Machinery Import-Export Corp, a big arms producer.
- Banning the approval of

any new satellite licences to China until it abides by missile-technology controls.

The president must formally notify Congress of China's MFN renewal by June 3. Congress may try to vote it down by a majority vote, but the president can then veto the resolution. Congress would need to muster a two-thirds vote for an override, requiring unlikely Republican defections.

Hong Kong shares, Page 20

congressional Democrats have introduced legislation that would cut off MFN trade benefits unless Peking meets stringent conditions.

This may counter some of the criticism that Mr Bush has a particular "soft spot" for China, dating back to the 1970s when he served there as US ambassador. The administration has also cited China in a trade complaint for its alleged intellectual property rights abuses, and this could bring sanctions as well.

The action is likely to trigger one of the biggest political battles of his presidency. Powerful

concerns over Chinese military aid to place restrictions on high-technology exports.

An administration official said the constraints included:

INTERNATIONAL NEWS

Brussels' new merger control body proves fleet of foot

EC investigators may face a few tricky business encounters on the road to a more competitive Europe, writes Andrew Hill

GIVING the European Community's new merger-control body the title "task force" was a risk. When it was set up last September, sceptics thought it might prove to be neither forceful, nor up to the task.

Nine months later, officials who make up the team are pleased with their progress. By standards of most EC investigators, the task force is proving fleet of foot. It is small - only 50 including secretarial staff - and it is speedy: more than 30 deals have been scrutinised under the new merger regulations.

One in-depth inquiry has been completed, and two more were effectively finished last week, before the required four-month deadline.

National merger-control authorities, with which Brussels has to work closely, have been pleasantly surprised by the efficiency of the new system.

But whether the Commission has yet done enough to stitch its own pattern onto the patchwork of national merger policy in the EC is doubtful.

Partly that is because the task force is still young. Some philosophical questions about merger policy still have to be answered: for example, whether the task force should, like US authorities, consider the influence of oligopolies - groups of dominant companies - on the market. Easy last-minute amendments to the legislation have also left some legal questions in need of clarification.

It is no secret that Mr Colin

EC MERGERS: TASK FORCE TIMETABLE

Sept 21, 1990: New merger regulations come into force.
Jan 21, 1991: Task force begins first in-depth investigations into two aspects of link-up between Fiat and Alcatel-Alsthom: merger between Alcatel and Telettra (Fiat) telecom subsidiaries; and partial merger of Magneti-Marelli (Fiat) and CEAC (Alcatel-Alsthom) battery-making operations.

March 19: Task force begins in-depth investigation into Tetra Pak's agreed bid for Alfa-Laval.

April 12: Commission approves Alcatel/Telettra deal, with conditions to ensure competition in Spanish telecoms. Task force begins in-depth probe of proposed Robert Bosch/Varta merger.

May 22: Commission agrees to approve Magneti-Marelli/CEAC deal, on condition Fiat cuts stake in large French battery producer and limits board representation.

May 23: Commission lifts suspension of Tetra Pak/Alfa-Laval bid as prelude to unconditional approval of deal.

May 29: Formal approval of Magneti-Marelli/CEAC deal expected.
June/July: Formal approval of Tetra Pak/Alfa-Laval bid expected.

Aug 20: Deadline for decision on Varta/Bosch deal.

There is a school of thought that believes Sir Leon Brittan (pictured right), the European Community competition commissioner, should take an even harder line

Overbury, who heads the team, would like the Commission to propose lowering the threshold for mergers which can be investigated by Brussels.

At the moment, combined turnover must total Ecu5bn (\$5.95bn) to trigger an initial inquiry. But even Mr Overbury admits it could not and should not be done immediately. The task force is still learning, and some analysts believe it has yet to encounter a really knotty merger problem.

"The difficulty is that to a degree they have not yet reached any of the hard cases," says Mr Bill Allan, a partner with the UK lawyer Linklaters & Paines. "We were rather looking to the Tetra Pak case as one where they might feel it

necessary to take harder action."

Instead, the task force last week allowed Tetra Pak, the private liquid packaging group, to go ahead with its bid for Alfa-Laval, the Swedish food processing equipment company, in advance of formal approval due in July, thus demonstrating an unexpected readiness to stretch the procedural rules.

In fact, this decision may be a better indication of the team's style than its aggressive, go-getting title.

"We're not in the business of busting [deals] - we're not soft, but we're prepared to talk," says one senior official, pointing out that the preamble to the merger regulations



implies that mergers are, at least in theory, a good thing.

Certainly, recent decisions have illustrated a desire to thrust out compromise solutions, to try out new ideas, and not to clog up commercial transactions unnecessarily.

At the beginning of the month, for example, Fiat of Italy agreed to loosen its hold on tractor dealerships in its domestic market to win EC approval for its purchase of Ford's New Holland agricultural machinery subsidiary.

That deal came only a fortnight after Sir Leon Brittan, the competition commissioner, had told Fiat it would have to sell most of its stake in a large French battery-maker if it wanted to take a controlling

interest in the battery operations of France's Alcatel-Alsthom.

After a month of hard talking, Fiat agreed to the divestment early last week and Sir Leon will go to his Commission colleagues tomorrow to recommend approval of the deal.

So dialogue between task force and companies, or task force and member states, seems to have been relatively open and productive since the September launch. Indeed, to the dismay of merger specialists, the fiercest discussions on evolving EC competition policy seem to have been between Sir Leon and his fellow commissioners.

Last November, Sir Leon was outvoted by Commission colleagues who approved a merger giving two Dutch coffee manufacturers 70 per cent of the Benelux market, against his recommendation.

Placed by that defeat, competition officials are now preparing a guideline paper which will attempt to clarify the definition of "relevant markets" - the bone of contention in the coffee deal - to help decide jurisdiction in merger cases.

It may also assist in reducing friction between Commission advocates of competition policy and those who promote industrial and internal market policy. The two sides have already locked horns once over the Fiat batteries deal.

According to competition

officials the final agreement on that merger was a victory for Sir Leon's hard line, pitted against the *laissez-faire* position of Mr Martin Bangemann, the industry commissioner and trade liberal who is normally on Sir Leon's side.

Mr Bangemann's advisers argue that the deal should have been looked at in relation to the whole EC-market rather than just the French market and thus waved through without conditions. Sir Leon's officials say the industrial policy advocates wanted to create a strong "Euro-champion", despite the anti-competitive effects on the French market.

Members of the task force say that there was good open debate, and that the merger regulations always intended that competition should be the principal criterion for making a decision.

To complicate matters, there is another school of thought which believes Sir Leon's "victory" was hollow and that he should have taken a harder line.

These same critics believe the task force could really show its mettle by blocking another battery merger, between Robert Bosch and Varta of Germany - the only in-depth inquiry unresolved at the moment.

As one official of a national merger authority put it: "The two battery cases are excellent tests of whether the instrument of merger control is a sharp one or not. I have the feeling that the first decision [Alcatel/Fiat] showed it was not very sharp."

French jobless rate rises 1.3% in April

By William Dawkins in Paris

THE FRENCH jobless rate rose steeply last month, taking the number of registered unemployed from 2,003,100 in March to 2,036,700 in April, the Labour Ministry said.

This represents a 1.3 per cent month-on-month rise in the number out of work, more than 10 times the steady 0.1 per cent average monthly rise shown in the number of French jobless over the first quarter of the year.

The figures appear in the wake of France's latest outbreak of suburban violence over the weekend, in which youngsters looted shops and burned cars in high unemployment areas in a dormitory town west of Paris, and in Toulouse, Saint Etienne and Caen.

The Labour Ministry blamed the rise on a decline in industrial jobs, reflected in a sharper rise in male than female unemployment. France had an overall unemployment rate of 9.4 per cent last month, against 9.5 per cent in March, well ahead of the latest Organisation for Economic Co-operation and Development average of 6.6 per cent in March.

Mrs Martine Aubry, Labour Minister, attributed the increase to a steep rise in the number of people signing on at the ANPE state employment agency, up by a seasonally adjusted 8.1 per cent over the past year.

Within that, the number signing on due to redundancy rose by 17.1 per cent over the year. The number out of work overall rose by a seasonally adjusted 1.9 per cent in the 12 months to April.

A French youth of Arab origin arrested during weekend riots in a Paris immigrant suburb died yesterday after a heart attack in police custody, Reuters reports from Paris.

Officials said Hich Alissa, 18, suffered an asthma attack while being transferred from police cells to a magistrate's chambers and died on reaching hospital. Police immediately opened an inquiry into the death.

Some 100 youths threw petrol bombs at riot police in a second night of violence at Montreuil-la-Ville, west of Paris. Five people were arrested.

The Financial Times (Europe) Ltd. Published by the Financial Times (Europe) Ltd., Frankfurt Branch, Goethestrasse 2A, 6000 Frankfurt-am-Main 1. Telephone: 069-75980; Fax: 069-72267; Telex 416193 represented by E. Hogg, Frankfurt/Main, and, as members of the Board of Directors, R.A.F. Moore, G.T.S. Damer, A.C. Miller, D.E.P. Palmer, London. Printer: Frankfurt: Societäts-Druckerei GmbH, Frankfurt/Main. Responsible editor: Richard Lambert, Financial Times, Number One Southwark Bridge, London SE1 9HL. The Financial Times Ltd. 1991.

Registered office: Number One, Southwark Bridge, London SE1 9HL. Company incorporated under the laws of England and Wales. Chairman: D.E.P. Palmer. Main shareholders: The Financial Times Limited, The Financial News Limited. Publishing director: E. Hogg. 168 Rue de Rivoli, 75004 Paris Cedex 01. Tel: (01) 4297 0621; Fax: (01) 4297 0623. Editor: Richard Lambert. Printer: SA Nord Estclair, 1521 Rue de Calixte, 59100 Roubaix Cedex 1. ISSN: 1148-7733. Commission Paritaire No 6786D.

Financial Times (Scandinavia) Vinnulshuset 42A, DK-1161 Copenhagen K, Denmark. Telephone (33) 13 44 41. Fax (33) 933334.

ANNOUNCING A FINANCIAL MERGER THAT'S WORTH WATCHING.



CNBC and the Financial News Network have joined forces to provide you with the ultimate business information source—CNBC/FNN Daytime.

We call it Smart Business because from 6 am to 7 pm ET we bring you the minute-by-minute access to the hard data you need to make wise financial moves and thrive in today's fast-paced economy.

Our combined assets include the best anchors, reporters and analysts in business television and a global network of news bureaus. In addition, a continuous two-line, trade-based ticker provides the latest stock and futures quotes.

The Money Wheel hourly schedule is organized so you

always know when and where to get the information you want.

And at the close of the markets, leading business authorities review the day's events, analyzing the impact on tomorrow's world of business.

For the best in business and financial news, opinion and analysis, tune in to CNBC/FNN Daytime, only on cable TV. Because staying well-informed is just Smart Business.

CNBC
SMART TV

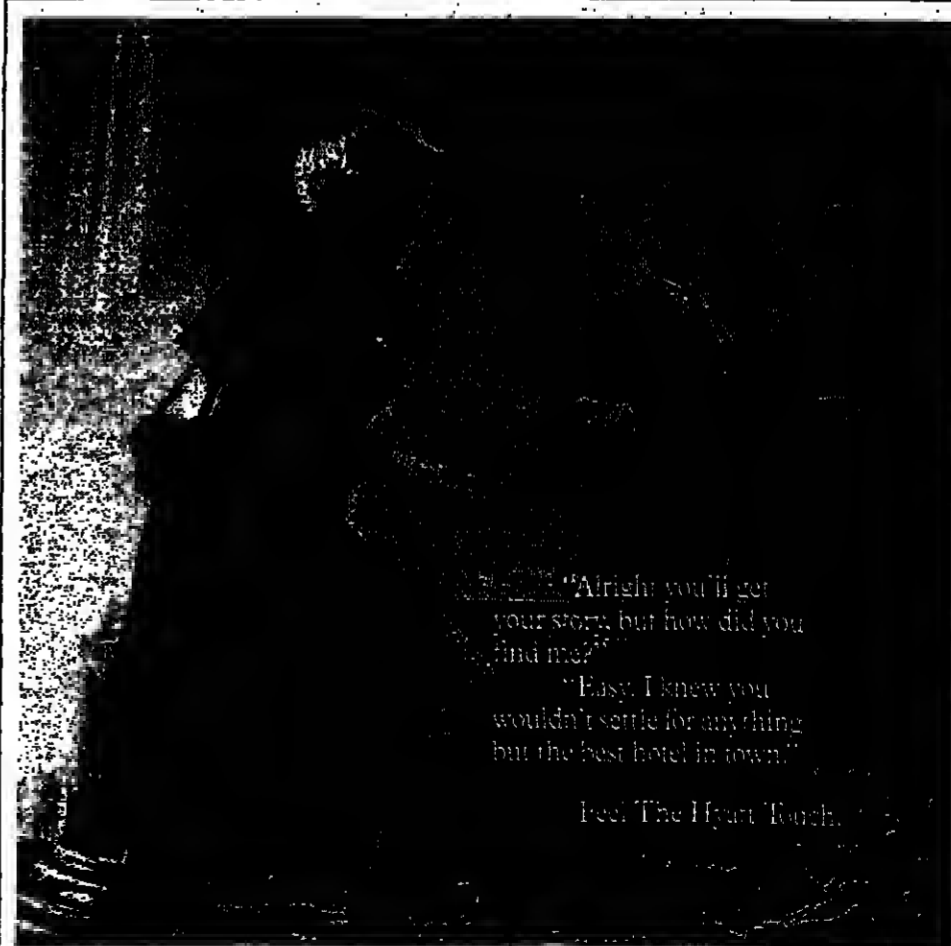
For information on specific programs, call 1-800-SMART TV.

© 1991 CNBC

...EGT824%...KPC5%...RFL6876%...FSQP2511%...EGT824%...KPC5%...RFL6876%...FSQP2511%...EGT824%...KPC5%...RFL6876%...FSQP2511%...EGT824%

...EGT824%...KPC5%...RFL6876%...FSQP2511%...EGT824%...KPC5%...RFL6876%...FSQP2511%...EGT824%...KPC5%...RFL6876%...FSQP2511%...EGT824%

هكذا من النجمل



Taipei, Taiwan

HYATT

2 Sung Shou Road, Taipei, Taiwan, Republic of China.
For reservations and more information about Hyatt Hotels and Resorts worldwide, call your travel planner or in London call (071) 580-8197. In the U.K. call toll-free (0245) 581-666.

INTERNATIONAL NEWS

Fiery nationalist secures big majority in Georgia

By Leyla Boulton in Moscow

MR Zviad Gamsakhurdia, a fiery former dissident with authoritarian tendencies, has been elected president of Georgia in the Soviet Union's first direct elections of a republican president.

The man who has led Georgia since October, when he became chairman of the republic's parliament, will no doubt interpret the overwhelming majority in his favour as a mandate to continue his policy of confrontation towards Moscow to obtain independence.

Mr Gamsakhurdia, 52, picked up 87 per cent of the vote, according to preliminary results published yesterday. The runner-up, Mr Valerian Adigazidze, head of Georgia's Economics Institute, secured a mere 6 per cent, followed by Mr Jimmy Mikheidze, the first secretary of the Communist party, with 15 per cent.

Mr Gamsakhurdia, who has already accumulated considerable personal power, inaugurated Georgia's new National Guard, an embryonic republican army, at the weekend.

Having established curbs on a free press, he last week piloted through parliament a law making it a criminal offence, punishable by up to six years in jail, to insult the president.

The Georgian nationalist, who denies accusations that he is a dictator-in-the-making, yesterday presided over a victory celebration in which his National Guard marched past in green battle fatigues.

Mr Gamsakhurdia organised an abortive transport strike two months ago to try to force Soviet troops out of the strife-torn enclave of South Ossetia.

Declining to sign a new union treaty, he has also accused the Kremlin of stirring up unrest among Georgia's ethnic minorities to thwart Georgia's demands for independence from the Soviet Union. At the weekend he accused Mr Boris Yeltsin, who next month stands for election as executive president of Russia, of selling out to the Kremlin.

President Gorbachev and Mr Yeltsin said after a meeting of republican leaders on Friday they expect to sign a new

union treaty, sharing out power between the central government and nine Soviet republics (although the Ukraine may yet drop out), in June.

The ruling parties of six republics which want outright independence have meanwhile set up an alliance to coordinate their secession efforts. The parties from Georgia, Moldova, Armenia, Lithuania, Estonia and Latvia accused the Kremlin of fomenting "state terrorism" against republics seeking independence.

Over the past month Soviet security forces have raided Armenian villages, ostensibly to clear out anti-Azerbaijani guerrillas, and have also destroyed improvised Lithuanian border posts.

Moscow subsequently promised those responsible for the Lithuanian raids would be punished, and agreed to pursue stalled negotiations with the Lithuanian leadership, but many suspect the Kremlin of ambiguous behaviour towards the six republics.



Gamsakhurdia: early results show the increasingly authoritarian Georgian picked up 87% of the vote in the presidential poll

European airlines fear loss of assets

By David Gardner in Brussels

THE EC Commission's plans to liberalise air transport will lead to higher costs and more bureaucracy, Europe's big airlines complained yesterday.

The Association of European Airlines (AEA), which groups 22 scheduled carriers, was attacking Brussels' plans to make them cede some airport capacity to lower cost competitors.

It said the Commission's attempts to force the redistribution of landing and take-off "slots" to accommodate smaller airlines would strip the industry of some of its assets.

"We do not know of any other sector of economic activity where active participants have been ordered to relinquish part of their facilities in order to make room for new producers," Mr Bernard Attali, chairman of Air France and the AEA, said.

Brussels wants unused and new slots to be made available to new entrants into what it regards as an industry divided into 13 national markets, nearly monopolised by flag carriers. Its plans face stiff opposition from member states, many of which own a national airline.

The flag carriers' lobby said the Commission's plan avoided the real issue, which was the need to expand air transport infrastructure.

The attack comes as Brussels finalises plans for an even more far-reaching measure, to move from national licensing systems for airlines, to EC-set capital adequacy and technical fitness standards. The current licensing system is often used to shut out new entrants.

Moscow plans to triple nuclear energy capacity

By Our Moscow Correspondent

THE Soviet government, underpinned by the 1986 Chernobyl disaster, plans to boost nuclear energy capacity and sales of uranium on world markets.

Mr Vitaly Konovalov, the Soviet minister for Atomic Energy, said in a weekend interview in Pravda, the communist party newspaper, that his ministry planned to build an extra 10,000MW of capacity over the coming decade, tripling existing capacity by the year 2000. With an average reactor capable of 1,000MW this would amount to about 20 new reactors.

He said nuclear energy was the most economically efficient way of meeting future electricity needs and cited the limitations and increasing cost of expanding gas and oil output.

Acknowledging that Chernobyl had seriously undermined confidence in the industry and held up its growth, Mr Konovalov said the government was counting on a new generation of safe reactors. These are basically a second-generation of the RBMK reactor which blew up at Chernobyl, incorporating new western-inspired safety features.

Mr Konovalov also said the government planned to increase the production of uranium by 40 to 50 per cent by 1995 and expected sales on the free market to average 5,000

tonnes a year.

Moscow is currently discussing possible cooperation with France on nuclear power, as well as to enrich uranium.

Meanwhile, oil and gas workers yesterday reached an outline agreement with the ministry responsible for energy extraction, to double their pay by the end of the year.

Mr Vasily Voryovkin, deputy chairman of the Russian union of oil and gas workers, said however the agreement still had to be cleared by Mr Valentin Pavlov, the Soviet prime minister. He said the agreement provided for an initial pay increase of 40 per cent from July 1, with a further rise to 75 per cent in the third quarter, and 100 per cent in December.

Oil and gas workers, whose industry is the Soviet Union's main source of hard currency, have threatened industrial action unless their demands are met. They have also proposed a formula for gradually freeing the domestic price of oil and gas to help finance pay increases.

The official responsible for the Soviet Union's strategic stocks has expressed alarm at their depletion to help enterprises overcome current shortages of supplies such as aluminium.

EC divided over energy competition

By Andrew Hill in Brussels

ENERGY suppliers, consumers and national governments are split on whether and how to introduce competition into the European Community energy market.

Reports from special committees, which have just been submitted to the European Commission, talk of "major differences of view" over the advantages and disadvantages of allowing third parties access to EC gas and electricity networks.

The shortage of common ground between the interest groups means the Commission, which is attacking public gas and electricity monopolies with all legal powers available, may have to rely on a strict legislative approach if it wants to introduce more competition.

Proposals are now being drafted and will be put to energy ministers in the next few months.

Industry critics believe third-party access, which would allow large power users to buy electricity and gas from cheaper suppliers in other EC countries, could threaten security of supply to existing users and jeopardise investment plans.

It is not surprising, the Commission says, that the gas and electricity industry has broadly come down against changing the existing structure, although member states and consumers favour improved competition.

Brussels limbers up for farm reform

By David Gardner in Brussels

THE European Commission believes the way is clear for reform of the EC's creaking agriculture regime. It recognises, however, that reform plans will be more expensive than the current, budget-busting Common Agricultural Policy (CAP) and it is sure to be fiercely resisted by farmers and farm ministers.

Agreement was reached late on Friday night on this year's farm price package, after three months during which 10 member states tried to force Brussels to push up the agriculture budget ceiling, set by an EC summit three years ago.

The price accord, sealed after 50 hours of negotiation and on

the fifth attempt since February, will cost more than the Commission had wanted. But it represents an important political victory for Mr Ray MacSharry, EC agriculture commissioner, three weeks before he unveils his blueprint to remodel the 30-year-old CAP.

MacSharry hopes that those who wanted to waste more money on the existing CAP will be willing to spend more on the next [EC agriculture] system," one of his senior aides said yesterday.

The MacSharry reform, a version of which leaked in January, wants to cut the EC's increasing overproduction of food and grain by reducing

subsidised prices sharply. Farmers would be compensated by direct payments linked to farm size, previous average yield per hectare, and regional conditions, rather than the amount they produce. This would abolish the CAP's built-in incentive to produce ever-increasing amounts.

The leaked version of the reform provoked an outcry because large farms - generally the most competitive - would be only partially compensated, and only if they "set aside", or took land out of production. This would help unblock the Uruguay Round world trade liberalisation talks, which is in an impasse caused

largely by huge EC and US subsidies to dump surplus farm output abroad.

But France, the EC's agriculture superpower, is resisting the plan strongly, as is the UK.

It now looks as though Brussels will suggest more generous compensation, leaving EC finance ministers and heads of government to face up to the financial consequences.

In the meantime it has explicitly established the trade-off between subsidies and "set-aside" in this year's price regime, where a 5 per cent production tax on cereals - a disguised cut in price support - can be avoided by leaving 15 per cent of land fallow.

SWIM, FISH, SHOOT AND RIDE AT GLENEAGLES, THE WELL KNOWN GOLFING HOTEL.

If you think The Gleneagles Hotel is one of the finest places in the world to play golf, you're right.

If you think The Gleneagles Hotel is only one of the finest places in the world to play golf, think again. Gleneagles has so much to entice visitors that even if you've never swung a six iron in anger you can still have the holiday of a lifetime.

Our Equestrian centre, for example, has an indoor arena bigger than Wembley. And the Shooting school has every clay target you could possibly want to pot at. There's a Country Club to tone you up, a Champneys to slow you down, there's tennis, croquet, billiards, superb food, luxurious rooms...

And of course the Scottish Highlands, so beautiful, so peaceful, all around you. What more could you want?

Well, how about a special seven night offer - just £118 per person per night including full Scottish breakfast, gourmet dinner, VAT, and a round of golf on the famous King's or Queen's course. Not a bad reason to take up golf, perhaps.

TO BOOK, CONTACT LYNNE PATERSON AT THE HOTEL ON 0764 62231.



THE
GLENEAGLES
HOTEL

Auchtermuchty,
Perthshire, Scotland PH23 1NF.



Believe it or not Vladimir makes the same business decisions as you.

It is hard to imagine a business environment more different than Vladimir's Russia.

But business is business wherever you are. And Perestroika has meant so many changes - even the introduction of the latest computerised office technology.

Star Micronics now exports printers to Russia. They are the same machines used everywhere else in the world. And they do the same jobs.

Because, although Vladimir's environment is different, his essential business need to communicate isn't.

So he wants a printer which gives quality results, is easy to use, - and can be relied upon. And like everyone else, he needs to watch the Roubles.

All Star products are designed and produced with this philosophy.

So you will find them all over the world.

Printers designed for people, not machines.

star
micronics

Star Micronics U.K. Ltd is a wholly owned subsidiary of Star Micronics Co Ltd, Japan.
Tel: (0949) 471111. Fax: (0949) 472333

APPOINTMENTS

FIXED INCOME SALESPERSON

A leading international investment group requires a Fixed Income Salesperson to originate and market the group's financial products to Japanese institutions. The incumbent, aged 25-30, must be fluent in English and Japanese, educated to degree standard, have 4 years' industry related experience, be familiar with Japanese client base from a business and cultural perspective and have in depth knowledge of U.S. corporate securities and their use by Japanese clients. Additionally, must have thorough knowledge of debt products and markets worldwide, specifically syndicated loans, private placements and asset swaps. Strong communication and interpersonal skills essential. Salary negotiable.

Please write in strictest confidence, enclosing full curriculum vitae, to Box A1521, Financial Times, One Southwark Bridge, London SE1 9HL.

LEGAL NOTICE

IN THE MATTER OF THE INSOLVENCY ACT 1986 and in the matter of CYNON VALLEY ENGINEERING CONTRACTORS LIMITED

NOTICE IS HEREBY GIVEN that it is my intention to declare a dividend to unsecured non-preferential creditors of the above-named company no later than 30 June 1991. Creditors who have not yet done so are required, on or before 7 June 1991, to send their proofs of debt to Cynon Valley Engineering Contractors Limited, Churchill Way, Cardiff, CF1 4QD and, if so requested, to provide such further details or produce such documentary or other evidence as may appear to the liquidator to be necessary. A creditor who has not proved his debt by the date specified will be excluded from the dividend.

J P Connelley
Liquidator
17 May 1991

IN THE MATTER OF THE INSOLVENCY ACT 1986 and in the matter of SUPABODY PRODUCTS (WALES) LIMITED

NOTICE IS HEREBY GIVEN that it is my intention to declare a dividend to unsecured non-preferential creditors of the above-named company no later than 30 June 1991. Creditors who have not yet done so are required, on or before 7 June 1991, to send their proofs of debt to Cynon Valley Engineering Contractors Limited, Churchill Way, Cardiff, CF1 4QD and, if so requested, to provide such further details or produce such documentary or other evidence as may appear to the liquidator to be necessary. A creditor who has not proved his debt by the date specified will be excluded from the dividend.

J P Connelley
Liquidator
17 May 1991

IN THE MATTER OF THE INSOLVENCY ACT 1986 and in the matter of SUPAMARINE LIMITED

NOTICE IS HEREBY GIVEN that it is my intention to declare a dividend to unsecured non-preferential creditors of the above-named company no later than 30 June 1991. Creditors who have not yet done so are required, on or before 7 June 1991, to send their proofs of debt to Cynon Valley Engineering Contractors Limited, Churchill Way, Cardiff, CF1 4QD and, if so requested, to provide such further details or produce such documentary or other evidence as may appear to the liquidator to be necessary. A creditor who has not proved his debt by the date specified will be excluded from the dividend.

J P Connelley
Liquidator
17 May 1991

IN THE MATTER OF THE INSOLVENCY ACT 1986 and in the matter of VALPANS LIMITED (FORMERLY CREDITION DAINES LIMITED)

NOTICE IS HEREBY GIVEN that it is my intention to declare a dividend to unsecured non-preferential creditors of the above-named company no later than 30 June 1991. Creditors who have not yet done so are required, on or before 7 June 1991, to send their proofs of debt to Cynon Valley Engineering Contractors Limited, Churchill Way, Cardiff, CF1 4QD and, if so requested, to provide such further details or produce such documentary or other evidence as may appear to the liquidator to be necessary. A creditor who has not proved his debt by the date specified will be excluded from the dividend.

J P Connelley
Liquidator
17 May 1991

IN THE MATTER OF THE INSOLVENCY ACT 1986 and in the matter of HESSELBERG HYDRO LIMITED

NOTICE IS HEREBY GIVEN that it is my intention to declare a dividend to unsecured non-preferential creditors of the above-named company no later than 30 June 1991. Creditors who have not yet done so are required, on or before 7 June 1991, to send their proofs of debt to Cynon Valley Engineering Contractors Limited, Churchill Way, Cardiff, CF1 4QD and, if so requested, to provide such further details or produce such documentary or other evidence as may appear to the liquidator to be necessary. A creditor who has not proved his debt by the date specified will be excluded from the dividend.

J P Connelley
Liquidator
17 May 1991

IN THE MATTER OF THE INSOLVENCY ACT 1986 and in the matter of BEARCAT INTERNATIONAL (UK) LIMITED

NOTICE IS HEREBY GIVEN that it is my intention to declare a dividend to unsecured non-preferential creditors of the above-named company no later than 30 June 1991. Creditors who have not yet done so are required, on or before 7 June 1991, to send their proofs of debt to Cynon Valley Engineering Contractors Limited, Churchill Way, Cardiff, CF1 4QD and, if so requested, to provide such further details or produce such documentary or other evidence as may appear to the liquidator to be necessary. A creditor who has not proved his debt by the date specified will be excluded from the dividend.

J P Connelley
Liquidator
17 May 1991

COMPANY NOTICES

CONTINENTAL (BERMUDA) LIMITED

US\$250,000,000 Floating Rate Note due 2004 Guaranteed by Hongkong Foreign Trade Bank Ltd

Notice is hereby given that for the interest period 28th May, 1991 to 28th August, 1991, a period of 92 days, the Rate of Interest will be 6.3125 per cent per annum. The Interest Amount payable on the Interest Payment Due 28th August, 1991 will be US\$4,032.59 for each Note of US\$250,000.

Agent Bank
Dean Witter Capital Markets
International

IN THE MATTER OF THE INSOLVENCY ACT 1986 and in the matter of MERTHYN TYDOR TRANSPORT LIMITED

NOTICE IS HEREBY GIVEN that it is my intention to declare a dividend to unsecured non-preferential creditors of the above-named company no later than 30 June 1991. Creditors who have not yet done so are required, on or before 7 June 1991, to send their proofs of debt to Cynon Valley Engineering Contractors Limited, Churchill Way, Cardiff, CF1 4QD and, if so requested, to provide such further details or produce such documentary or other evidence as may appear to the liquidator to be necessary. A creditor who has not proved his debt by the date specified will be excluded from the dividend.

J P Connelley
Liquidator
17 May 1991

CLUBS

EVER has outlined other due to policy of fair play and value for money. Super from 10.45 am. Glamorous business, evening cabaret. 189 Regent St, W1 0RT-734 8887

AUTOMATIC IDENTIFICATION

The FT proposes to publish this survey on June 17 1991. The Financial Times unsurpassed reputation for producing topical authoritative editorial, ensures that this survey will be an essential point of reference for all businessmen interested in fast and accurate automatic data capture. If you want to reach this important audience call Jessica Perry on 071 873 4611 or fax 071 873 3062.

FT SURVEYS

INTERNATIONAL NEWS

Seoul warned of 'damage' to EC relations

MR FRANS Andriessen, vice-president of the European Community commission, yesterday warned South Korea that a failure to solve an outstanding dispute over intellectual property rights risked causing "serious damage" to relations with the EC, John Ridding writes from Seoul.

Speaking at the end of a three-day visit to Seoul, he said the two sides had failed to resolve the dispute and that, unless a solution was found, improvement of relations in various areas, from co-operation in science and technology to foreign policy, would be more difficult.

The dispute, which is the principal irritant in bilateral relations, arises from EC

demands that Korea afford it the same protection of intellectual property as it provides the US.

Korea introduced legislation to protect intellectual property rights in 1987, but retrospective protection for patents and copyrights issued before then extends only to the US. This was achieved through US-Korean negotiations.

One of the main stumbling blocks in the negotiations was the protection of intellectual property rights after 1987. According to an EC official, Korea refused to provide protection after this date for product patents as opposed to process patents.

"European companies are losing

money," said Mr Andriessen. "Now it is easy to copy our products in Korea." He added that the dispute was also a point of principle. "We cannot accept being discriminated against."

Despite the failure of this round of talks, Mr Andriessen said efforts to resolve the problem would continue. "I am glad to say that the Korean side has agreed to look again at our position," he said. The next round of talks will be held by October.

The EC delegation also called for South Korea to liberalise its financial markets, and for a revision of the system of liquor taxation behind a bilateral dispute over Scotch whisky imports.

Fast GNP growth in S Korea

SOUTH Korea's Gross National Product grew by a faster than expected 8.9 per cent (year on year) in the first quarter, according to the Bank of Korea, John Ridding reports from Seoul.

The increase, which was fuelled by a continued boom in construction and a revival in exports, means that the government's earlier prediction of 7 to 8 per cent GNP growth for the year as a whole is likely to be surpassed. The central bank is now forecasting annual growth of nearer 9 per cent.

Economists welcomed the first quarter performance in that it comprised a healthy pattern of growth that had last year. Exports rose by 18.3 per cent, to \$15.5bn, supported by imports of \$10.7bn. A Bank of Korea spokesman predicted a continued improvement in exports and forecast an annual current account deficit of \$3bn.

Investment in plant and equipment increased by 17.3 per cent (led by industrial machinery and equipment) and growth of private consumption slowed to 4.8 per cent from a double-digit rate last year.

But there was also concern about the inflationary impact of the growth rate and continued overheating in the construction sector. Consumer prices rose by 4.9 per cent in the first quarter and, although the rate of increase slowed in April, most economists believe the government will have difficulty in achieving its annual target of single digit price increases.

Part of the inflationary pressure in the Korean economy is coming from construction, which expanded 22 per cent in the three months and has caused shortages in labour and materials.

Dr Park Won Am, an economist at Korea Development Institute, a government-backed think tank, argues that, despite government steps, including restrictions on new building permits - it will be difficult to curb growth in this sector.

Overall, the first three months recorded GNP of \$1,060bn won (\$24.5bn) at 1983 constant prices. Gross Domestic Product, which excludes net overseas income, rose by 9.1 per cent to won 31.2bn.

Slow transition amid fragile calm

John Ridding looks at South Korean politics as a new PM takes over

MR CHUNG Won Shik, South Korea's new prime minister, could be forgiven mixed feelings on receiving his letter of appointment yesterday from President Roh Tae Woo.

His predecessor, forced to step down by weeks of street demonstrations and protests, lasted just five months. Moreover, the opposition groups and dissidents who took to the streets, often more than 100,000-strong, are already demanding the new premier be dropped.

The worst of the protests may now be over, however. The government has steps to placate the opposition and dissidents. Mr Roh Tae Woo, the hard-line former prime minister, has gone, four other cabinet posts have been shuffled and an amnesty has been extended to more than a hundred political prisoners. Also, most of the anniversaries traditionally marked by street protests have passed.

But the death of a woman student, apparently trampled to death as she fled riot police during a demonstration at the weekend, could provoke further protests, and planned rallies by the opposition mean that the quiet of the last few days remains fragile.

Looking beyond street protests, President Roh's administration faces more fundamental political problems.

Most obvious is the unpopularity of his government. The administration may be right in claiming that the students and dissidents have failed to win the support of the middle classes this year, as they did to force democratic elections in

1987 - but nor are the middle classes backing the government.

There are many reasons: near double-digit inflation, rising housing costs, a string of political scandals, increasing crime and new issues such as environmental pollution have prompted criticism of the administration. The government received less than 30 per



Roh: Placating opposition

cent support in virtually all polls this year.

There is a feeling that the government lacks direction and conviction. President Roh has two years of his five-year term left but is often referred to as a "lame duck". There is also much instability in the cabinet. No current minister held his position before 1990 and the entire cabinet has been superseded since December.

Combined with social concerns, all this has spawned a feeling of insecurity and a growing disillusionment with

politics and politicians.

In reality, the situation is not as serious as the "crisis" in which Koreans would have one believe. As long as the economy continues to perform well - 9 per cent real GNP growth is forecast for this year - most Koreans will be happy enough.

Besides, the government is not doing as badly as the scale of the demonstrations would suggest. The president has been implementing many of his democratic pledges. A programme of local autonomy elections is taking shape this year and the press is freer than at any time.

The problem, said one western diplomat in Seoul, is that expectations, after the introduction of democracy, have been unreasonable. "There is now a considerable degree of democracy. This kind of transition cannot be achieved overnight."

That said, there is a series of structural problems which need to be addressed to allow Korea's political transition to proceed smoothly.

For most Koreans, it is economic distribution as much as growth that is of concern. Income gaps have narrowed since the middle of the 1980s but the distribution of wealth is a different story. The rapid appreciation of real estate prices over the last few years has created a widening gap between the haves and have-nots, creating social tensions.

The government has taken various measures, targeting conglomerates blamed for speculating in real estate and launching an ambitious programme to build 2m new residences by 1992. But a more fun-

damental reform of property taxes and land use is needed to address the roots of the problem.

South Korea's parties and politicians also need change. "Our parties and politicians are strongly related to the past," says Mr Kim Hak Joon, the president's chief adviser for social policy. "That is why political parties and leaders have disappointed the masses and why nowadays there is much talk about the need for generational change in politics."

"The only thing that has changed is that the two Kims have got older," says Professor Han, meaning Mr Kim Young Sam, executive chairman of the DLP and former opposition leader, and Mr Kim Dae Jung, leader of the largest opposition group.

The former premier, Mr Roh Tae Woo, was regarded as a potential new face in politics, but because he was a potential rival to the presidential ambitions of the two Kims, they pressed for his departure.

Factional divisions in the DLP - which was created through the merger of the ruling party, Mr Kim Young Sam's former Reunification Democratic Party and another opposition party at the beginning of last year - have never been resolved.

This factionalism is likely to get worse before it gets better. A debate about whether the constitution should be revised in favour of a parliamentary cabinet, as opposed to a presidential system of government, continues below the surface and is sure to re-emerge to exacerbate intra-party feuds.

BUSINESSES FOR SALE

MULTIPLEX CONSTRUCTION COMPANY LIMITED

The Joint Administrative Receivers offer for sale the business and assets of an established steel construction company:

- Specialists in steel erection, heavy lifting equipment, welding and thermite welding and design and fabrication work.
- Occupies long-leasehold premises at Bottesford, Scunthorpe, South Humberside.
- Range of steel fabrication and heavy lifting equipment.
- Approximately 45 employees.
- Annual turnover approaching £4 million.

For further information contact:
Alan Katz or Kevin Mawer
Arthur Andersen & Co.
St. Paul's House
Leeds LS1 2RU.

Tel: 0532-438222
Fax: 0532-416397

ARTHUR ANDERSEN

Elastic Tape Manufacturing Facility

ALFALASTEX Ltd. (In Liquidation)

LOCATION: CO. CAVAN, IRELAND.

For sale, the business and assets associated with the natural rubber tape manufacturing and processing facility of the Company, situated 60 miles from Dublin at Ballyjamesduff, Co. Cavan.

The complex, located on a site of 10 acres comprises 3 Comerio Mixing Mills, 1 Comerio 4-roll calendar, 2 Rotogravure Ovens and slitting and packing plant. The buildings are leasehold and comprise of c. 54,000 sq. ft. of factory, warehousing, office and ancillary accommodation.

A skilled labour force is available.

ENQUIRIES TO:

Rory O'Ferrall, F.C.A., or Barry Caldwell, A.C.A., Deloitte & Touche, Chartered Accountants, Earlsfort Centre, Earlsfort Terrace, Dublin 2, Ireland. Telephone: Dublin 618311. Telex: 30232 TRDN EL. Fax: Dublin 618622.

Deloitte & Touche

Chartered Accountants

BUSINESSES FOR SALE

Tuesdays, Saturdays and now FRIDAYS

For further information please contact
Gavin Bishop on 071-873 4780
or
Melanie Miles on 071-873 3308

THE BUSINESS SECTION ALSO APPEARS ON

PAGES 14 & 15 TODAY

FOR SALE

"TRAVEL WEEKLY"

The Joint Administrative Receivers offer for sale the business and assets of International Travel Publishing Limited, a company trading from Heathmans Road, London SW6.

- The principal assets include:-
- The rights to publish "Travel Weekly", the UK's only travel industry publication produced specifically for travel agents, with a weekly circulation of over 21,000 copies (19,000 requested).
 - The subscription and customer lists of the Journal.
 - Work-in-progress.
 - Advertising contracts and subscription contracts for the Journal.
 - Leasehold premises/office equipment/stocks.
 - Turnover in excess of £1,300,000 per annum.

For further information, please contact either Edward Wacey, Helen Sinclair or Ruth Porter of Buchler Phillips & Co., 84 Grosvenor Street, London W1X 9DF. Telephone: 071-493 2550. Facsimile: 071-829 9444.

BUCHLER PHILLIPS & CO.

BUSINESS WANTED

BUSINESS OPPORTUNITY

PLASTICS INJECTION MOULDING

We seek to purchase an established thermoplastic injection moulding company. Preferably, but not essentially, with own product range.

Turnover should exceed £4M and it does not have to be currently profitable; although profitable companies are preferred.

The preferred machine size is 250 T+ and it is important that scope for expansion is available.

If interested please supply brochures, plant list and accounts with contact name to Box No: E8075 Financial Times, One Southwark Bridge, London SE1 9HL.

PUBLIC COMPANY

Our client is a private investor with many years experience of public companies. He would like to buy a substantial interest in a quoted vehicle. Enquiries will be treated in the strictest confidence to:

Mr N Wilkinson,
Moore Rowland,
Chartered Accountants,
Monkgate House,
44 Monkgate, YORK
YO3 7HF Tel: 0904 641718

INFORMATION PUBLISHING

ACQUISITION SOUGHT

Professional and business information publishing company with resources available wishes to expand through investment or acquisition of similar business with around £1 million sales. An independent, creative and flexible environment offered.

All enquiries in confidence to
Tom Hamilton or Julian Platt on
Tel: 071 430 2020
or Fax: 071 430 1773

AIRCRAFT FOR SALE

AIRCRAFT SALES

Business Aircraft Sales & Operating Leases

• Finance • Management • Leasing & Maintenance • Charter Broking

Fields

Using Contact Neil Fields

Tel: 0753 684444

Telex: 8952145 FIELS G

Fax: 0753 684444

FRANCHISING

JANI-KING

MASTER FRANCHISE

OPPORTUNITY

WHAT RECESSION?

The world's largest #1 ranked franchise commercial cleaning company is offering the master franchise rights for the U.K. Jani-King is ranked as the #3 franchise company in North America and #2 in the fastest growing category. More than 500 U.K. prospects have inquired about becoming a franchisee. For more information, call Jerry Crawford in Dallas at 214-991-0900 or Fax 214-991-5723.

MALPINE

NEW AS 355 P2 TWIN SQUIRREL

THE CORPORATE HELICOPTER FOR V.I.P.s

AVAILABLE NOW

Contact Christopher Forrest or David Lewis

Hayes Helicopters, Southwark Road, Hayes, Middlesex

Tel: 0181 848 3522 Fax: 0181 551 4079

See UK distributor for particulars

For 12 years

Malpines

Malpines

Malpines

Malpines

Malpines

Malpines

Malpines

Malpines

Malpines

Malpines

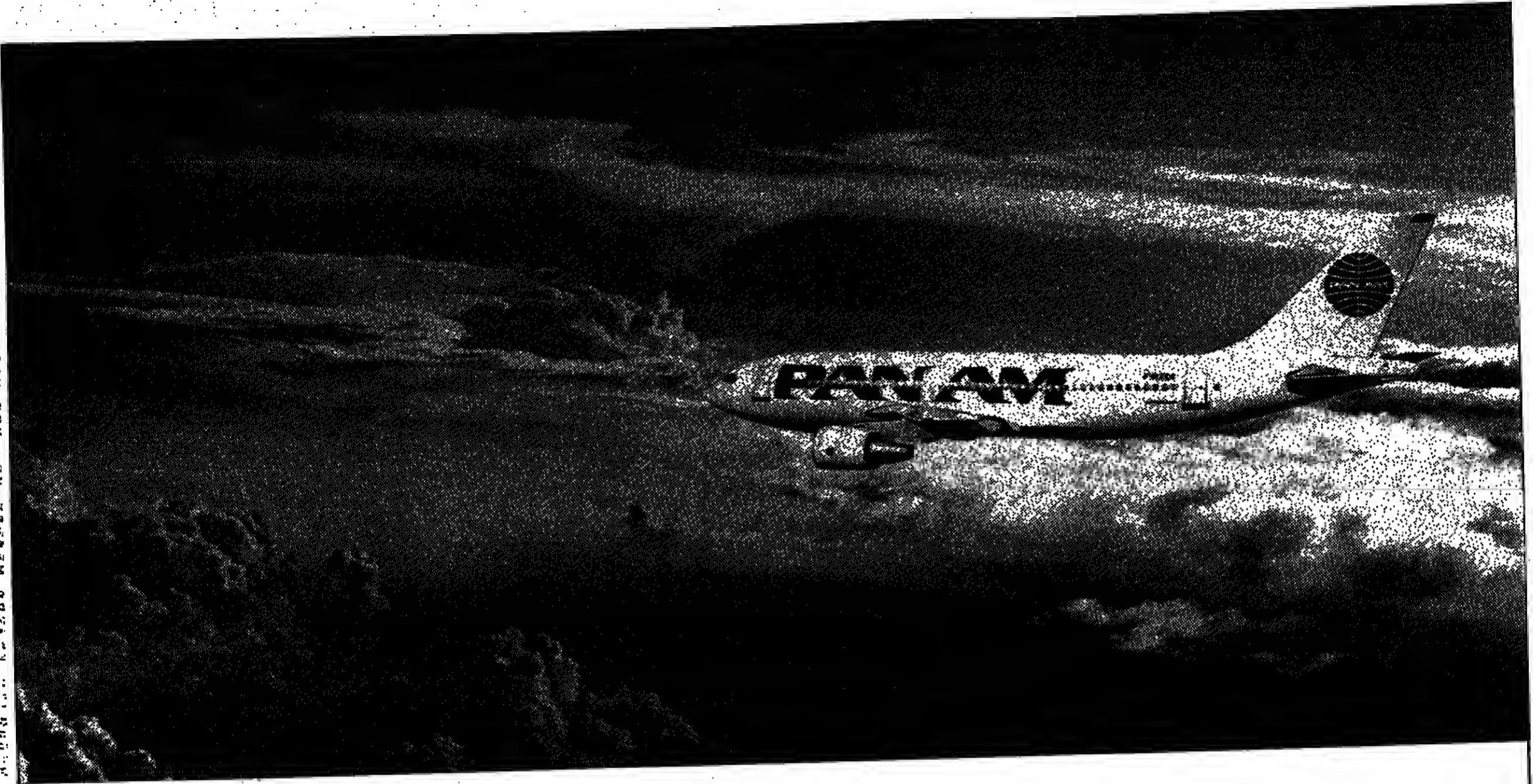
Malpines

Malpines

Malpines

Malpines

Malpines



Number one across the Atlantic.

More nonstops to the U.S. than any other airline in the world.

Fly Pan Am to the U.S. this summer and you can see the world. We offer connections from New York and Miami to over 125 cities in 51 countries, including 17 Caribbean destinations and 18 in Latin America. Our Latin America nonstops from the U.S. include São Paulo, Rio de Janeiro, Buenos Aires, Caracas and Santiago.

And Pan Am is continuing to grow in Europe, with new flights from Oslo and Zagreb, and flights from Amsterdam, Lisbon, Hamburg and Barcelona starting this summer.

Business travel is better on Pan Am.

Pan Am's Clipper® Class is designed especially for business travelers. Our 2x2x2 seating ensures that you'll get a window or aisle seat every time. And in First Class, you can stretch out and relax in our inviting Sleeperette® Seats.

We'll even provide you with a chauffeur-driven limousine. This complimentary door-to-door service (within 40 miles of the airport) is available with advance reservations on each leg of any roundtrip transatlantic flight to and from Paris, London, Frankfurt, New York, Washington, D.C., Miami, Los Angeles or San Francisco, for full fare Clipper

Class or First Class travelers. And at New York's JFK, you can choose helicopter service to Manhattan instead. Again, complimentary.

Expanded Frequent Traveler Program.

When you fly Pan Am, you can earn miles with Pan Am WorldPass® or United Mileage Plus®, and redeem awards on either airline.

So now you can earn free trips to any of the over 280 destinations that Pan Am and United fly, including the Far East, the South Pacific, Latin America, the Bahamas and the Caribbean.

For more information or to make reservations, call your Travel Agent or your local Pan Am office.



We're flying better than ever™

INTERNATIONAL NEWS

Palestinians and Jordanians will be hardest hit

Kuwait initiates tough policy on expatriates

By Mark Nicholson

KUWAIT has taken the first steps to enforce its stated policy of slashing the expatriate population, by declaring all ministries and state institutions closed to foreign workers.

Under new regulations issued by Kuwait's Civil Service Commission, foreigners - who comprised 80 per cent of the emirate's total workforce prior to occupation - will be able to work for the government only if no Kuwaiti is available for the job.

Almost all employed Kuwaitis already work in senior government positions, so it is unclear how many foreign workers would in fact lose their jobs. Many jobs involve menial tasks for which Kuwaitis have traditionally shown little inclination.

The ruling embraces tens of thousands of non-Kuwaitis living in the emirate, most of whom worked before the invasion either directly or indirectly for the government, which is by far the emirate's largest employer.

The commission explained the new rules simply as a

means to "organise the process of holding contracts with non-Kuwaitis at this decisive stage" and said it would affect all ministries and state institutions. But the regulations indicate the government's resolve to see through a policy drastically cutting Kuwait's expatriate population to leave Kuwaiti citizens, who made up just 38 per cent of the emirate's population before the invasion, enjoying a natural majority.

The government has said it wishes to trim Kuwait's population by almost a half from pre-invasion levels, to just over 1m - an aim which was greeted sceptically by the emirate's businessmen, who claim that commercial and economic pressures will force the emirate's population back towards 2m.

The new rule will fall hardest on Kuwait's Palestinian and Jordanian workers, who for decades have made up the managerial and technical backbone of the emirate's workforce in both the private and public sectors. They have dominated middle- and lower-level managerial posts in the government.

The ruling is the latest indication that Kuwait's Palestinians, who numbered more than 350,000 before the invasion, are no longer welcome.

The complexity of a small percentage of the 170,000 Palestinians who remained during occupation has led, at its worst, to instances of abduction and torture at the hands of some Kuwaitis and, more commonly, to an implicit and widespread campaign of discrimination.

The Kuwait government has, meanwhile, quietly begun steps to replace Palestinians working in key service industries. A Bahraini offer to supply up to 300 bankers to the emirate is being considered, while the government is looking for ways to encourage Kuwaiti women to enter teaching - another profession which was largely a Palestinian preserve before the invasion.

Elsewhere, the government appears determined to control tightly the number, and nationality, of contract workers entering the emirate for work in the oil, construction and other industries.

Iceland appeals for resumption of whaling

ICELAND appealed yesterday to the International Whaling Commission to renew commercial whaling, claiming that stocks have recovered after a five-year ban, writes Lisa Wood.

Mr Thorsteinn Pálsson, Iceland's minister of fisheries, told a five-day conference in Reykjavik, Iceland, that a "comprehensive assessment has proved that certain stocks, including minke whales in Antarctic and central North Atlantic waters, are in healthy condition".

Scientists have, at the request of the commission, submitted a proposal to end a global ban on commercial whaling and allow killing of animals, even from depleted stocks, under certain conditions.

Mexican trade talks for June

Mr Jaime Serra Puche, Mexico's trade minister, said yesterday he would meet his US and Canadian counterparts in early June to discuss the contents and timing of free-trade agreement negotiations, writes Damian Fraser in Mexico City.

Mr Serra stressed that Mexico was in no hurry to conclude an agreement, and that negotiations would take as long as necessary. This contrasts with the government's previous position of wanting to conclude negotiations before the end of the year.

The government, according to Mr Serra, will change some of Mexico's regulations restricting foreign investment, in order to attract more foreign money. But he did not specify when the changes would be made.

Chicago traders sentenced

A US federal judge has sentenced eight Chicago Board of Trade soybean futures traders to prison terms of eight to 37 months, writes Barbara Durr in Chicago.

As he imposed the sentences, Judge George Marovich said: "I sure hope everyone at the CBOT is paying attention."

The eight traders were found guilty in January of racketeering and conspiracy to commit fraud.

Two of the soybean traders were convicted of lesser charges. One was sentenced to two months of house detention and three years' supervised release. The other will be sentenced this week.

Their illicit trades totalled more than \$200,000 (\$215,000).

The soybean traders' trial was the only one of three prosecutions of Chicago traders that resulted in a significant victory for the US government's long-running investigation of fraud in the futures pits.

Former Qintex chief to surrender passport

By Kevin Brown in Sydney

MR Christopher Skase, former head of the crashed Qintex Australia group, was ordered yesterday to surrender his passport after the Australian Securities Commission brought two criminal charges against him.

The commission secured a temporary injunction preventing Mr Skase from leaving the country after he returned to Australia from Spain to answer separate charges of assault and wilful damage.

The charges brought by the Commission relate to a payment of A\$19m (\$3.5m) by Qintex Finance, a Qintex subsidiary, to Qintex Group Management Services.

The money was ultimately paid to Kahme Investments, Mr Skase's private company.

The commission alleges Mr Skase made improper use of his position as a director of Qintex to gain an advantage for himself and Kahme. Mr Skase could face up to five years in prison on each charge.

The injunction was sought by the commission to prevent Mr Skase leaving the country as several large creditors had recently secured court judgments "and

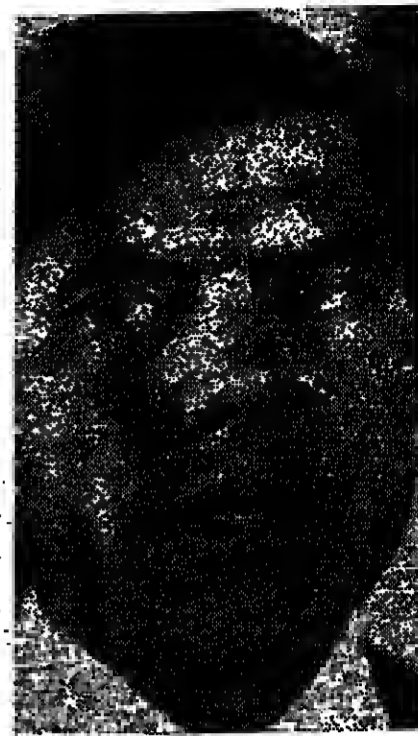
need him to stay in Australia so that these court orders can be enforced".

Mr Skase was committed for trial on the assault and damage charges, which relate to an altercation with a photographer during a tennis game on Queensland's Gold Coast in 1989.

Mr Skase is one of a number of formerly high-flying Australian entrepreneurs whose businesses tumbled as asset values fell following the global stock market crash in 1987. Several face criminal charges, including Mr Alan Bond and Mr Laurie Connell, former head of the Rothwells merchant bank.

Mr Skase, a former financial journalist, built Qintex into a large property, media and leisure group. It owned a national television network, a string of luxury hotel resorts and widespread property interests.

The group crashed 18 months ago with debts of about A\$2.1bn and assets of A\$1bn, and was put into receivership by the Supreme Court of Victoria. Mr Skase resigned as chairman in January, blaming bankers and communists for the group's problems.



Christopher Skase: injunction

Liberals lose New South Wales majority

By Kevin Brown

THE conservative Liberal/National party government of New South Wales yesterday appeared likely to need the support of independent MPs to retain power after unexpectedly losing its parliamentary majority in a state election.

With about 80 per cent of the 3.6m votes counted, the coalition had won 47 seats in the 99-seat parliament of Australia's most populous state, compared to 46 for the Labor party. The independents won four seats; two others were still in doubt.

The fets of the government will depend on the distribution of voting preferences in the two undecided seats, which could take several days under Australia's preferential voting system.

The most likely outcome is that the coalition will form a minority government with the support of at least one independent. However, Labor could also form a minority administration if it wins both undecided seats.

Mr Nick Greiner, the Liberal premier, was widely expected to win the election, which he called nearly a year early in an attempt to capitalise on the unpopularity of Mr Bob Hawke's federal Labor government.

Opinion polls published during the campaign put the coalition ahead of Labor, apparently confirming Mr Greiner's confidence that the election was a foregone conclusion.

Mr Greiner said it was too early to assess "why I didn't get it right, and why almost no one in the community got it right". Mr Bob Carr, the state Labor leader, said voters had rejected the coalition because of Mr Greiner's "arrogance".

The result is a blow for the federal Liberal/National party coalition, which hoped the return of the Greiner government would lay the groundwork for a conservative victory at the next federal election, due by March 1993.

However, there was little comfort for the federal government in the voting pattern, which showed that most of the

votes lost by the conservatives went to third party and independent candidates.

By last night the conservative coalition had won 44.3 per cent of the vote, down 5.3 points, but Labor had increased its vote by only one point to 39.5 per cent. The populist Australian Democrats increased their vote by 3.6 points to 5.4 per cent without winning a seat, and the independent vote increased by 0.7 points to 1.0 per cent.

The figures suggested Mr Greiner's confident campaign had encouraged a number of disgruntled conservatives to cast protest votes in the belief that the government was bound to win.

Mr Greiner said it was too early to assess "why I didn't get it right, and why almost no one in the community got it right".

Mr Greiner said it was too early to assess "why I didn't get it right, and why almost no one in the community got it right".

Mr Greiner said it was too early to assess "why I didn't get it right, and why almost no one in the community got it right".

Mr Greiner said it was too early to assess "why I didn't get it right, and why almost no one in the community got it right".

Mr Greiner said it was too early to assess "why I didn't get it right, and why almost no one in the community got it right".

Mr Greiner said it was too early to assess "why I didn't get it right, and why almost no one in the community got it right".

Mr Greiner said it was too early to assess "why I didn't get it right, and why almost no one in the community got it right".

Mr Greiner said it was too early to assess "why I didn't get it right, and why almost no one in the community got it right".

Mr Greiner said it was too early to assess "why I didn't get it right, and why almost no one in the community got it right".

Mr Greiner said it was too early to assess "why I didn't get it right, and why almost no one in the community got it right".

Mr Greiner said it was too early to assess "why I didn't get it right, and why almost no one in the community got it right".

Mr Greiner said it was too early to assess "why I didn't get it right, and why almost no one in the community got it right".

Mr Greiner said it was too early to assess "why I didn't get it right, and why almost no one in the community got it right".

Mr Greiner said it was too early to assess "why I didn't get it right, and why almost no one in the community got it right".

Mr Greiner said it was too early to assess "why I didn't get it right, and why almost no one in the community got it right".

Mr Greiner said it was too early to assess "why I didn't get it right, and why almost no one in the community got it right".

Mr Greiner said it was too early to assess "why I didn't get it right, and why almost no one in the community got it right".

Mr Greiner said it was too early to assess "why I didn't get it right, and why almost no one in the community got it right".

Mr Greiner said it was too early to assess "why I didn't get it right, and why almost no one in the community got it right".

Mr Greiner said it was too early to assess "why I didn't get it right, and why almost no one in the community got it right".

Mr Greiner said it was too early to assess "why I didn't get it right, and why almost no one in the community got it right".

Mr Greiner said it was too early to assess "why I didn't get it right, and why almost no one in the community got it right".

Mr Greiner said it was too early to assess "why I didn't get it right, and why almost no one in the community got it right".

Mr Greiner said it was too early to assess "why I didn't get it right, and why almost no one in the community got it right".

Mr Greiner said it was too early to assess "why I didn't get it right, and why almost no one in the community got it right".



A soldier in Kuwait's Palace of Justice guards three Iraqi women accused of giving sanctuary to an Iraqi soldier after the city's occupation in August

Premier admits torture continues

SHEIKH Saad al Sabah, Kuwait's prime minister, has ordered a crackdown on human rights abuses, in a tough speech in which he acknowledged the abduction and torture of non-Kuwaitis continued in the emirate. Our Middle East Staff writes.

The prime minister said in a televised speech on Sunday that police were among the armed gangs abducting and torturing non-Kuwaitis. "They are taken from their homes or the streets and taken to police

stations where they are tortured. This is totally unacceptable and cannot continue," he said. He added crime was rampant in the emirate three months after Iraqi forces were ousted, but that law and order had to be enforced if Kuwait was to enjoy continued backing from western allies.

The premier's speech is the most direct admission so far from a member of Kuwait's ruling family that human rights abuses continue in the emirate. It is a clear attempt to assuage

mounting western criticism of the treatment of non-Kuwaitis, particularly Palestinians, in the emirate since liberation.

Evidence in an Amnesty International report of the continuing torture of non-Kuwaitis was greater with silence from the al Sabah ruling family on its publication in April. Iran announced yesterday it had signed a contract to send a fire-fighting team to Kuwait. The group will join five US companies already there fighting oil-well fires.

INTERNATIONAL ECONOMIC INDICATORS: MONEY AND FINANCE

This table shows growth rates for the most widely followed measures of narrow and broad money, a representative short and long term interest rate series and an average equity market yield. All figures are percentages.

UNITED STATES					JAPAN					GERMANY					FRANCE					ITALY					UNITED KINGDOM					
Narrow Money	Broad Money	Short Interest Rate	Long Interest Rate	Equity Market Yield	Narrow Money	Broad Money	Short Interest Rate	Long Interest Rate	Equity Market Yield	Narrow Money	Broad Money	Short Interest Rate	Long Interest Rate	Equity Market Yield	Narrow Money	Broad Money	Short Interest Rate	Long Interest Rate	Equity Market Yield	Narrow Money	Broad Money	Short Interest Rate	Long Interest Rate	Equity Market Yield	Narrow Money	Broad Money	Short Interest Rate	Long Interest Rate	Equity Market Yield	
1984	7.0	7.9	10.23	12.43	n.a.	2.0	7.7	6.26	6.80	n.a.	3.3	3.8	5.95	7.86	n.a.	6.7	10.9	11.71	13.33	n.a.	12.5	12.4	15.07	15.60	n.a.	5.5	12.0	9.85	11.33	n.a.
1985	0.2	0.1	6.01	10.82	n.a.	4.8	8.2	8.62	6.34	n.a.	4.4	5.1	5.40	7.09	n.a.	8.2	7.4	9.88	11.74	n.a.	13.7	14.0	14.03	13.71	n.a.	4.7	13.2	12.21	11.03	n.a.
1986	12.3	8.5	6.48	7.88	3.43	7.4	8.7	5.12	4.94	0.84	9.9	8.3	5.57	8.18	1.79	6.8	8.7	7.73	6.74	2.65	10.4	9.0	12.95	11.47	-1.41	4.0	15.3	10.59	9.97	4.35
1987	11.6	8.5	6.62	8.38	3.12	9.1	10.3	4.21	0.65	0.0	7.8	3.96	6.53	2.21	4.1	14.8	9.20	6.96	2.76	10.5	11.0	11.98	10.58	1.94	4.7	14.8	9.69	9.92	3.60	
1988	4.3	5.4	7.65	9.84	3.61	7.8	11.0	4.43	4.27	0.54	9.8	6.4	4.26	6.58	2.81	3.6	8.4	7.88	8.02	3.66	7.5	6.1	10.80	10.54	2.71	6.7	17.0	10.82	8.60	4.46
1989	0.9	3.8	8.98	6.49	3.43	4.5	10.0	5.31	5.11	0.48	6.3	5.7	7.03	7.02	2.22	8.1	9.4	9.33	8.79	2.88	8.1	10.1	12.16	11.61	2.46	5.9	17.5	13.86	10.30	4.36
1990	3.7	5.2	8.09	8.55	3.80	3.2	11.5	7.69	7.27	0.65	4.5	4.5	8.45	8.63	2.11	7.3	8.5	10.30	9.87	3.18	8.9	9.4	11.74	11.87	2.46	5.3	15.8	14.82	11.85	5.07
2nd qtr.1990	4.0	6.2	8.23	8.73	3.43	2.7	12.8	7.35	7.20	0.59	3.8	4.0	8.24	8.60	1.92	7.3	6.9	8.80	8.63	2.81	8.9	8.0	11.68	11.83	2.46	7.0	17.8	15.10	12.29	4.91
3rd qtr.1990	4.8	5.2	7.94	8.74	3.82	3.3	12.3	7.87	7.98	0.88	4.8	4.2	8.32	8.66	2.14	3.8	7.8	10.13	8.94	3.36	8.1	8.8	10.98	11.85	2.81	5.0	18.1	14.94	11.78	5.21
4th qtr.1990	4.2	3.8	7.88	8.31	3.86	5.1	9.3	7.89	7.18	0.50	6.2	5.4	8.82	8.82	2.51	3.3	6.5	10.03	10.07	3.77	8.2	8.6	11.59	11.74	3.58	3.3	13.7	13.80	10.95	5.56
1st qtr.1991	4.4	4.2	6.88		3.48	6.2	4.8	8.37	8.50	2.81	6.2	4.8	8.37	8.50	2.81	2.0	9.4	9.28	9.28	3.64	8.0	10.4	12.74	12.93	3.98	2.9	10.7	13.20	10.27	5.22
May 1990	4.0	6.3	8.24	8.78	3.44	-2.0	12.7	7.31	8.58	0.57	3.9	3.8	8.27	8.19	1.94	5.7	8.1	9.75	9.83	2.80	8.8	8.0	11.88	11.87	2.48	7.0	17.8	15.14	12.17	4.98
June	4.8	8.0	8.14	8.47	3.33	6.8	12.4	7.29	8.47	0.58	3.1	4.3	8.25	8.38	1.87	5.7	8.0	10.01	8.88	2.80	8.2	8.5	11.28	11.32	2.38	6.3	14.8	11.28	11.32	4.76
July	4.0	5.8	7.99	8.47	3.35	3.9	11.9	7.53	6.83	0.60	4.2	3.8	8.21	8.09	1.99	3.2	8.0	9.98	9.96	2.97	7.6	8.5	11.15	11.26	2.48	5.6	17.1	14.94	11.67	4.61
August	4.7	5.2	7.67	8.74	3.68	3.8	11.9	7.83	7.58	0.70	5.2	3.9	8.38	8.82	2.18	2.8	7.8	10.12	10.08	3.43	7.6	8.4	11.31	11.79	2.98	4.8	18.2	14.97	11.96	5.28
September	5.1	5.0	7.96	8.88	3.09	2.4	18.2	8.25	8.04	0.77	5.1	4.7	8.38	8.86	2.41	3.8	7.8	10.28	10.44	8.73	8.8	8.4	10.49	11.09	3.14	4.7	15.1	14.91	11.91	5.61
October	4.2	4.4	7.96	8.72	3.98	3.0	10.9	8.18	7.68	0.80	5.7	5.3	8.53	8.72	2.50	5.9	7.4	9.86	10.37	8.75	8.9	9.8	10.74	11.58	3.36	4.0	14.0	11.58	11.58	5.81
November	4.4	3.8	7.81	8.38	3.88	2.1	8.6	8.22	7.35	0.82	6.1	5.5	8.79	8.68	2.54	6.5	7.5	9.04	10.18	3.79	8.4	9.8	11.59	11.86	3.67	3.1	14.4	13.82	11.25	5.61
December	4.0	3.3	7.76	8.05	3.74	4.4	7.5	8.17	6.79	0.80	6.9	5.3	9.15	8.89																

INTERNATIONAL NEWS

Baghdad's talks with Kurds may end in conflict

By John Murray Brown at Mawat, northern Iraq

KURDISH leaders were yesterday still in negotiations with the Iraqi regime, in a bid to find an agreed formula which would open the way for regional autonomy for the Kurds in northern Iraq.

And signs of intransigence from Baghdad, rebel leaders say they are ready to resume their armed rebellion if talks with President Saddam Hussein's regime fail to produce an agreement.

Speaking over the weekend at his mountain headquarters near Sulaymaniyah, Mr Jalal Talabani, leader of the rebel Patriotic Union of Kurdistan, warned that 25,000 Pesh Merga guerrillas under his control were willing to resume their struggle for Kurdish rights.

Since agreeing a ceasefire in mid-April, both sides have been in negotiations in a bid to end the fighting, which has

dogged the country for more than 20 years. Rebels are seeking implementation of a 1970 agreement which promised autonomy for the country's 8m Kurds.

Rebel leaders said last week there was broad agreement on power-sharing, cultural and legal rights, and the roles of the army and the police under an autonomous accord. However, talks broke up at the weekend, apparently deadlocked over how to designate the autonomous region, in particular over whether to include the oil centre of Kirkuk, which was the issue at the centre of the failed autonomy negotiations in 1987.

"If we can reach agreement about a permanent constitution and democracy, then we can have a kind of compromise about Kirkuk. The problem is they are still dreaming of Arabising these places. Our major problem with the Baghdad Party is that they are always this chauvinistic policy of Arabisation. This was the main reason for the war in 1974," said Mr Talabani.

In a related development, General Colin Powell, chairman of the joint military chiefs, is to visit the area this week amid signs that the US may be preparing to quit the security zone set up by the allies for the thousands of Kurdish refugees on the Iranian and Turkish borders.

Rebel leaders are clearly concerned any early withdrawal by the allies could weaken their hand in the talks in Baghdad.

Argentine flight capital plan

By John Barham in Buenos Aires

ARGENTINA has announced plans to encourage the repatriation of \$400m-\$500m in flight capital held abroad by Argentine companies and citizens.

Mr Domingo Cavallo, economy minister, has sent a tax reform bill to Congress. Individuals and companies would pay 1 to 3 per cent tax on capital repatriated over the

next four years. However, capital merely declared, but remaining abroad would be subject to 2 to 4 per cent tax a year.

The origin of the money — usually the product of tax evasion — does not have to be declared, but officials promised to prevent drug money launderers abusing the scheme.

Arab allies to protect Kuwait

By Tony Walker in Cairo

EGYPT and Syria, prominent members of the anti-Iraq Arab alliance, would continue to buttress Gulf security in the post-war era, Kuwait's Defence Minister, Sheikh al-Sabah al-Salem, declared in Cairo after two days of talks with officials.

However, he left unclear whether Egyptian and Syrian forces would stay on the ground in Kuwait and other Gulf states. He had discussed the issue with President Hosni Mubarak of Egypt and "details would be published in the future."

Mr Mubarak had announced this month that all Egypt's 35,000 troops committed to the Gulf war would be withdrawn by mid-year. His abrupt announcement prompted speculation that Egypt was angered by indications that Kuwait would prefer a continued US security presence to an Arab one.

After his talks with Mr Mubarak and Lt-Gen Mohammed Haseen Tawfiq, Egypt's new defence minister, Sheikh al-Sabah told reporters that the "presence of Egyptian, Syrian, Gulf and other forces in particular will be the buttress for the presence of military forces in Kuwait."

Arens seeks Mideast arms curb talks

By Hugh Carnegie in Jerusalem

MR MOSHE Arens, Israeli Defence Minister, has called for an international conference of arms suppliers and recipients in order to curtail the flow of weapons to the Middle East, which threatened another war in the region, he said.

"There is nothing more urgent than for such a conference to be called, of suppliers and of buyers, to deal with what is a common problem," he said in a speech.

It was the clearest signal from Israel — which rejects an international conference for the broader Middle East peace process

— that it is willing to participate in a Middle East arms control initiative sought by President George Bush. Mr Arens issued the call a few days before Mr Richard Cheney, US Defence Secretary, was due to visit Israel on a regional tour.

However, Mr Arens made clear that Israel saw the onus of any arms control falling on Arab countries such as Syria and their large conventional forces, not on the sort of non-conventional weapons in which Israel is superior to the region and which the Arab side

wants at the centre of any talks.

Mr Arens also expressed cautious optimism over signals from the Hizbollah fundamentalist militia in Lebanon that it would consider trading Israeli servicemen it holds for Lebanese and Palestinian prisoners held by Israel.

Israel is prepared to negotiate on the issue, provided it has proof that at least some of its seven missing men are alive. Such a deal would almost certainly help unlock the impasse over Western hostages held in Lebanon.

Israel pact 'to boost economy'

By Hugh Carnegie

ISRAEL'S chief trade union and employers' organisations have signed a "social-economic pact" with the government, intended to provide thousands of new jobs to blunt the threat of mass unemployment caused by large-scale immigration, mainly from the Soviet Union.

The agreement, a key element in efforts by Mr Yitzhak Mordechai, the finance minister, to inject growth into the economy, provides for more than 38,000 new jobs through direct government action. It is intended to engender the creation of 150,000 jobs more than those planned by industry over the next four years.

The fear that immigration — the influx of Soviet Jews is expected to increase the population by a fifth within

five years — will push up the level of unemployment from the present rate of just under 10 per cent to as much as 20 per cent has prompted Mr Mordechai to take a much more interventionist approach to the economy in recent months.

Officials said the weekend agreement, with the Histadrut trade union federation and an umbrella group of economic organisations, would not stop a short-run rise in unemployment, but they hoped it would help prevent a dramatic spiral. They said the net cost to the government would be around Shklnm this year, a significant addition to the budget which had not yet been fully financed.

Under the accord, the government is to embark on a programme of infrastructure

spending intended to create 11,500 jobs and will provide incentives to entice 10,000 additional Israelis into the construction industry, where low-level jobs are usually left for Arab workers.

Other jobs are to come from government-backed training schemes, including full salary subsidies for trainees taken on for limited periods by large companies.

A two per cent cut in employer's social security contributions, a one per cent cut in employer's tax and two per cent off the previously automatic cost of living increment in wages should boost industrial profitability by 15 per cent, the finance ministry said.

Coalition bid in Surinam

AN ALLIANCE of conservative parties which won Surinam's parliamentary elections at the weekend is unable to form a government and will begin coalition discussions today with other parties, writes Canute James in Kingston.

Early results gave the New Front for Democracy alliance 30 of the 51 seats at stake, but it needs at least 34 to elect a president without support from other parties.

There are indications that the NFD would prefer to form a government with Democratic Alternative '91, a new party which took nine seats.

The National Democratic party, supported by the military which has virtually controlled the country since it staged a coup in 1980, took at least 15 seats.

UK pledges more food for Africa

By David Buchan in Brussels

BRITAIN yesterday pledged an extra 60,000 tonnes of food for Africa, as part of the European Community's planned overall shipment of 600,000 tonnes to the continent this year.

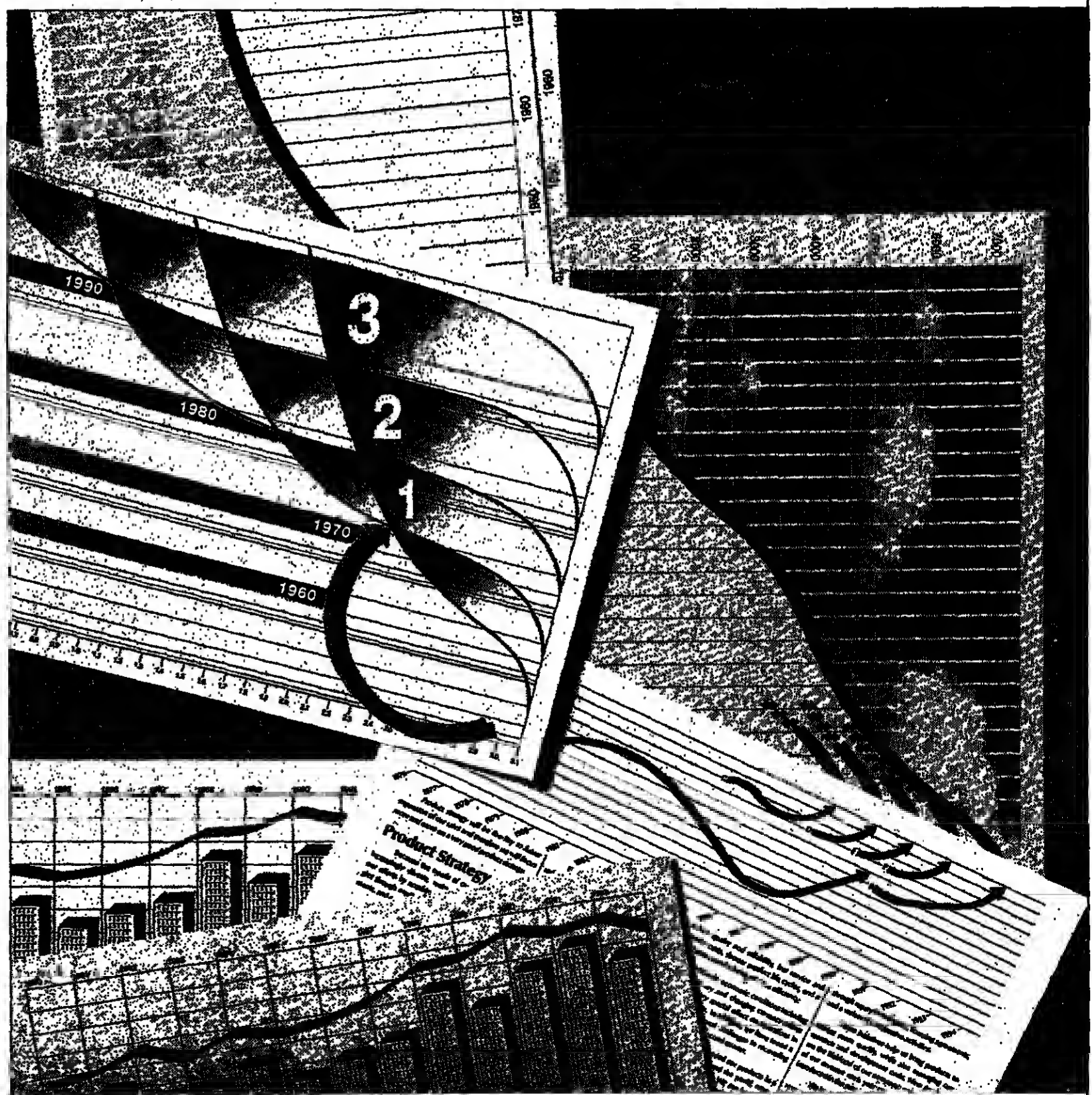
At a meeting here of EC development aid ministers, Mrs Lynda Chalker of the UK said Britain had now committed 150,000 tonnes to Africa this year. Last month, EC governments agreed to give Africa 400,000 tonnes out of the Community budget, and a further 200,000 tonnes in national contributions.

By its latest donation, the UK had contributed twice its share of the total "national" contributions of the Twelve, Mrs Chalker said.

Germany, Italy, the Netherlands, and Denmark were among EC states which yesterday promised to increase their food aid to Africa, particularly to the Horn, but were not specific.

Mr Manuel Marin, EC aid commissioner, stressed the enormous needs of Africa, which faced a "food gap" of 1.5m tonnes this year. Better co-ordination of the increased contributions by the Commission, EC governments and the private relief organisations was needed, he emphasised.

The fastest in the family.



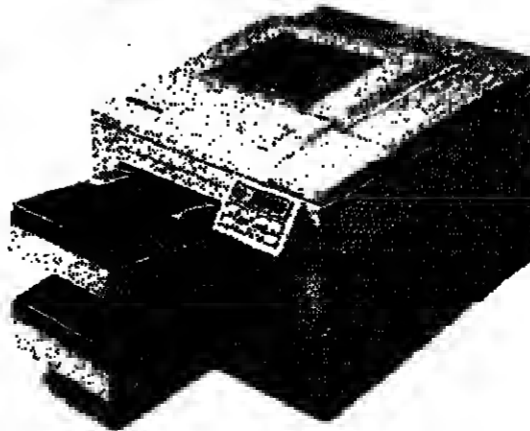
It's no myth but a fact. There's a new high performance member in the range of Hewlett-Packard LaserJet printers — the HP LaserJet IIIi.

It flies through your work at up to 16 pages per minute. Whilst its two 500 sheet input trays make having to continually reload a thing of the past.

Yet it doesn't sacrifice quality for speed. The HP LaserJet IIIi prints with Resolution Enhancement Technology and a new microfine toner to form the sharpest letters ever.

You can choose to have high speed direct connections to your Novell or 3 Com LAN's and double-sided printing. As well as true Adobe PostScript®

The new HP LaserJet IIIi builds on the existing capabilities found in the HP LaserJet III family. Including HP PCL5,



the industry leading printer language with scaling of fonts to virtually unlimited size and faster graphics. And, as a member of the HP LaserJet family, its reliability is backed by a one year on-site warranty.

To keep one step ahead, ring our Customer Information Service on 0344 368369.

*Adobe and PostScript are registered trademarks of Adobe Systems Inc.

hp HEWLETT PACKARD

THE POSSIBILITY MADE REALITY

Building People - Building Business

Develop your career with a HENLEY distance learning MBA

A Distance Learning MBA with Henley could be your first step to improving your career status, advancement and achievement.

Providing a uniquely flexible approach to study, the Henley MBA utilises the latest technology to bring the classroom to you, whether you're in Manchester, Munich or Manila.

The objectives of individuals and companies alike are served through assignments and project work to provide rapid and regular transfer of learning to your job.

You can enrol at any time. Call MBA Information on (0491) 571454 or 410239 (answerphone). International Code: 44 491.

The Henley MBA is recognised as the definitive MBA by organisations throughout the world.

MBA Information, Henley The Management College, Greenlands, Henley-on-Thames, Oxfordshire, RG9 3AU, England. Fax: (0491) 410184.

HENLEY
The Management College

EMERGENCY APPEAL

The Embassy of Costa Rica to the United Kingdom is making a special appeal for contributions to help the victims of the earthquake, that devastated the Southern Caribbean Region of Costa Rica on April 22nd.

The earthquake (7.4 Richter Scale) caused extensive damage, and according to the latest official figures, there are 15,000 people that require shelter and emergency aid, as well as countless dead and injured. The roads and means of communications were demolished in the whole region, as well as other important infrastructure such as hospitals and the water supply system.

Contributions for the victims can be sent directly to the Embassy, making cheques payable to "Disaster Relief-Costa Rica", or a deposit can be made to the following account:

DISASTER RELIEF-COSTA RICA
Account no: 40312183
BARCLAYS BANK PLC
172 Edgware Road
London W2
Sorting Code: 20-65-63

The Embassy of Costa Rica would like to thank you in advance for any help in this difficult situation.



FUTURES AND FOREIGN EXCHANGE
24 HOUR COVERAGE

CAL Futures Ltd
Windsor House
50 Victoria Street
London SW1R 0NW
Tel: 071-799 2233
Fax: 071-799 1231

TOTAL GROUP TOTAL COMPAGNIE FRANÇAISE DES PETROLES

NOTICE OF SHAREHOLDERS' MEETING
Notice is hereby given to shareholders of TOTAL COMPAGNIE FRANÇAISE DES PETROLES that they are to convene on Monday 17 June 1991, at the Palais des Congrès (salle bleue) 2, place de la Porte Maillot 75017 PARIS France.

AGENDA FOR AN ORDINARY GENERAL MEETING TO BE HELD AT 10.30 a.m.

- 1- Report of the Board on operations and accounts for the year ended 31 December 1990; Auditors' report;
- 2- Approval of the said reports, accounts and balance sheet;
- 3- Income allocation and determination of dividend;
- 4- Auditors' report on transactions referred to in Article 101 of the law of 24 July 1966;
- 5- Authorization to be given to the Board to make purchases and sales of the Company's shares on the stockmarket in order to stabilize the market prices;
- 6- Setting of a redemption price for class "A" shares until the next Annual General Meeting, pursuant to Article 11 of the By-Laws;
- 7- Authorization to be given to the Board to issue, in any currencies, loan stock and in particular notes representing subordinated perpetual debt up to a nominal amount not exceeding FF20 billion;
- 8- Ratification of removal of the Company's registered office.

AGENDA FOR AN EXTRAORDINARY GENERAL MEETING, TO BE HELD FOLLOWING THE ORDINARY GENERAL MEETING

In the event that the quorum required is not reached at the poll on the resolutions, a second Extraordinary General Meeting will be held on Wednesday 28 June 1991 at 10 a.m., at the Head Office of the Company, Tour TOTAL, 24 cours Michelet 92800 PUTEAUX France.

- 1- Report of the Board of Directors and special report of the Auditors on resolutions to be proposed to the Meeting which involve a waiver of the shareholders' preferential subscription rights;
- 2- Approval of two merger proposals under which TOTAL CFP would absorb on the one hand its subsidiary TOTAL CFP (Gérance) and on the other its subsidiary TOTAL CFP (Gestion et Recherches); Within the framework of these two mergers: approval and appraisal of assets merged, recording and allocation of the capital surpluses, implementation of mergers, powers to comply with formalities;
- 3- Change of the Company's name;
- 4- Amendments to the By-Laws, designed on the one hand to dispense with the condition of French nationality required of Directors other than Representatives of the French State and of Managers of the Company, and on the other to simplify the wording of Article 44 which deals with the appropriation of profits;
- 5- Authorization to be given to the Chairman of the Board to make a statement of compliance in furtherance of the various amendments to the By-Laws;
- 6- Authorization to be given to the Board to grant options to subscribe for shares on conditions defined by the Meeting to some employees within the Group as well as to executive staff of the Company or of companies within the Group;
- 7- Five-year authorization to be given to the Board;
- a) to increase the capital up to a nominal amount not exceeding FF6 billion, through the issue of new shares with preferential subscription rights, with or without warrants, and/or through the capitalization of existing reserves;
- b) to issue securities with preferential subscription rights, up to a nominal amount not exceeding FF15 billion, entitling holders to certificates subsequently issued to represent a share of the Company's capital. The total amount of capital increases that could be made pursuant to paragraphs a) and b) may not exceed a nominal amount of FF8.5 billion;
- 8- One-year authorization to be given to the Board to issue warrants entitling holders to subscribe shares; FF500 million to be set as the nominal ceiling in shares that may be subscribed by the warrant holders; waiver of the preferential subscription right for warrants, but the Board to be empowered to grant shareholders priority of subscription to shares of the Company or of companies within the Group;
- 9- Examination of the merger proposal for the absorption by TOTAL CFP of OFF - Omnium Financier de Paris, involving as follows:
 - Report of the Board on the merger proposal;
 - Report of the Public Appraisers on the said proposal;
 - Approval of the corresponding merger agreement and, consequently, approval of the assets merged, their valuation, the consideration given and the resulting increase in capital;
 - Related amendments to the By-Laws;
 - Allocation of the capital surpluses;
 - Powers to comply with formalities.

All shareholders, irrespective of the number of shares they hold, are entitled to attend the Meetings or have themselves represented there by a proxy shareholder entitled to attend the said Meetings or by their spouse, or else to vote by correspondence.

- To be entitled to attend or to be represented at the Meetings:
- a) - Holders of registered shares should be recorded in the Company's share register five days before the date fixed for the Meetings;
 - b) - Holders of bearer shares should within the same time limit deposit through their authorized agent a certificate evidencing restriction on disposal thereof with Banque PARIBAS, Service des Assemblées, 3, rue d'Antin 75002 PARIS France. The restriction on disposal of these shares must extend until the last meeting in case of Meeting adjournment.

Forms of proxy or of vote by correspondence and admission cards will be available from the above institution on request.

- In accordance with legal requirements, shareholders are hereby notified that:
- Should they wish to avail themselves of the opportunity to vote by correspondence, they should apply for a form to the Company or the "Service des Assemblées" of the above-mentioned bank by sending a registered letter requesting acknowledgment of receipt;
 - In order to be honoured, any request for a form of vote by correspondence should reach the Company's head office or the above-mentioned bank no later than six days prior to the date of the Meetings;
 - The duly completed form should reach the Company's head office or the "Service des Assemblées" of the above-mentioned bank no later than three days prior to the date of the Meetings;
 - Holders of bearer shares are informed that the form will not become operative unless evidence of restriction on disposal of these shares has been submitted as explained in paragraph b) above;

No shareholder who has voted by correspondence shall be entitled to attend the Meetings in person or be represented there by a proxy.

Shareholders may obtain the documents specified in articles 133 and 135 of the decrees of 23.03.1957 on request to the Company's head office or to Banque PARIBAS, Service des Assemblées, 3, rue d'Antin 75002 PARIS France.

THE BOARD OF DIRECTORS

TOUR TOTAL, CEDEX 47, 92088 PARIS, France

Mitsui Taiyo Kobe Australia Limited

AS \$200,000,000
Floating Rate Notes due 1991

In accordance with the Terms and Conditions of the Notes, notice is hereby given that for the Interest Period from May 22, 1991 to August 22, 1991, the Notes will carry an interest rate of 10.285 % per annum. The interest payable on the relevant Interest Payment Date, August 22, 1991 will be AS \$ 2,592.38 per AS \$ 100,000 denomination.

The Fiscal Agent
KREDITBANK
S.A. LUXEMBOURGEOISE

TELEPHONE: 071-828 7233
FISSE 100
Jun 24/25/26/27/28/29/30
Sep 25/26/27/28/29/30
WALL STREET
Jun 29/30/31/1/2/3
Sep 29/30/31/1/2/3
HOW WELL DID YOU JUDGE THE MARKET?

UNITED STATES FINANCE & INVESTMENT

The FT proposes to publish an important survey of the United States economy, markets, and investment outlook on

June 26 1991

If you are promoting your company's presence and services in the United States to the international business community, you will want to advertise in the future 30% of International Financial Managers and 34% of Chief Executives in Europe's largest companies read the FT. For advertising information, please call

Mary Ellen Houck
Financial Times
(New York)
Tel: 212 732 4300
Fax: 212 719 0704
or
Anna Palmer
Financial Times (London)
Tel: 071 873 4167
Fax: 071 873 3078

Data source:
International Financial Managers in Europe 1989
Chief Executives in Europe 1989

FT SURVEYS

OBITUARY

Eric Heffer: fiery left-winger of principle

MR ERIC HEFFER, the veteran Labour MP and dogged champion of working class socialism, died yesterday after a long battle with cancer.

Elected to Liverpool Walton in 1964 when he won the seat from the Conservatives, Mr Heffer's reputation was both as an assiduous constituency MP and a fiery left-winger who put principle before office. His majority, now over 23,000, served as testimony to the loyalty he commanded.

During the government of Mr (now Lord) Harold Wilson, he refused a junior ministerial appointment as a gesture of disapproval of government policies. In 1974 he became minister of state at the Department of Industry, gaining a reputation for controversy when he opposed the sale of warships to Chile.

He was later sacked when he spoke out against British membership of the European Community in defiance of the Labour leadership. His opposition won him firm support

from the Labour left who repeatedly elected him to the party's national executive committee until 1986.

But it was only during the years of Labour's rightward drift that Mr Heffer became a household name. In 1983 he ran for the party leadership on the resignation of Mr Michael Foot and five years later joined Mr Tony Benn's challenge, running as his deputy.

In spite of solid defeats he continued to argue passionately for a "hard-left" platform. Mr Heffer's passion and principles were respected on both sides of the house, as was his conviction that politics was an issue of class. A fierce admirer of Rosa Luxemburg, he recently confessed a "certain snobbery" to an interviewer. Discussing his disagreements with the often middle class Communist Party, of which he was once a member, he added: "I used to feel that working class people were far superior. He is survived by his wife Doris.



Eric Heffer: dogged champion of working class socialism

SALEROOM

Paris finds the bidding is meagre

THE first important auction of 20th century art held this year by Guy Londeur, Paris market for quality modern paintings has been as badly hit by the slump and as deserted by leading Japanese buyers as New York.

Londeur, head of the world's third largest auctioneering business after Sotheby's and Christie's, raised a meagre FF37m (\$3.66m) with the 54-lot sale. Twenty-five lots, worth nearly FF20m, were bought in total. Estimates had been set pessimistically low at between FF17m and FF10m.

Londeur had pared the sale from 90 lots to concentrate demand and linked it to five Japanese cities. However, in spite of a tempting array of Foultais and Van Dongens there were no Japanese buyers.

Few hammer prices were above the estimates and real collectors and French museums had a field day. The Pompidou Centre's Musée National d'Art Moderne pre-empted an important Balbus portrait of 1936 "Roger et son fils" for a mere FF1.6m (estimate FF3m-4m) and the Museum of Houlleux picked up an atmospheric landscape by Felix Vallotton of 1901 for a modest FF350,000.

A luminous view of La Rochelle painted by Paul Signac in 1927, which Londeur would have estimated at FF12m two years ago, sold for a quarter of that. Three Picasso ink drawings failed to find buyers and a cubist sketch went for FF26,000, a quarter of its high estimate.

Nicholas Powell

Labour might increase bank rates, study finds

By Ivo Dawney, Political Correspondent

A LABOUR government would raise interest rates rather than seek a devaluation in the European exchange rate mechanism, an analysis by Nomura, the leading Japanese securities house, has concluded.

Furthermore, Labour's need to establish its credibility as financially prudent in the immediate aftermath of an election victory make Tory claims of a "hidden agenda" of spending plans "absurd", the report says.

In reality, the Nomura Research Institute found, the party would be locked in to defending the pound's ERM parity and this would lead, in the short term, to downward pressure on growth and rising unemployment which might force the UK to abandon some of its longer-term programmes or to turn to higher borrowing and taxation.

The analysis will come as a mixed blessing to Labour. For Mr John Smith, the shadow chancellor, it reinforces the objectives of his so-called "lunch offensive" which aims to persuade City financial institutions that Labour's days of high taxation and high spending are over.

Yet the left of the party might recall at Nomura's conclusions that Labour will have no option but to accept rises in interest rates of up to 2 percentage points to defend its image as a sound-money party.

Nomura says the arguments against a devaluation both on credibility and inflation-related grounds are compelling. Nonetheless, to assuage fears Labour would instead have to raise interest rates to convince the markets of its commitment to maintaining ERM parity.

The report says: "Our view

is that the new Labour government would recognise these dangers and act swiftly to demonstrate its resolve. An immediate rise in interest rates of 2 per cent might have the required effect."

Although Nomura rejects Tory claims that Labour would plan a spending explosion, it warns that Labour's commitment to better public sector pay with its knock-on effects in the private sector, together with a loss of privatisation proceeds could lead to a public sector borrowing requirement for 1990-94 of £22bn.

The report gambles on an election coming this year, probably in the autumn, in the light of a worsening economic outlook for the beginning of 1992. It also suggests there is "a distinct possibility" that no party will achieve an overall majority.

Rifkind plans to ease road traffic

By Ivo Dawney

MR MALCOLM Rifkind, transport secretary, will today announce measures to reduce road traffic congestion and shift freight back to rail.

The moves include incentives for road freight hauliers to use rail track in competition with British Rail and the widespread introduction of "red routes" for buses in inner cities.

Mr Rifkind, who will present his plans at an FT Transport in Europe conference in London, has been widely predicted to be planning a study into road-pricing whereby motorists in congested areas would be charged for vehicle use.

The measures are intended to counter years of opponents' claims that Conservative transport policy has always favoured road transport over the railways. It will also give environmental reasons for reducing car use in favour of public transport. Incentives to encourage the use of buses are expected to feature heavily.

Labour last week won several plaudits for its commitment to take action on London's deteriorating public transport system as part of its policy to revive the capital.

Mr Rifkind's speech follows his initiative last week to champion the public's interests

in air travel. He told the Aviation Club that where consumers' interests differed from those of airports or airlines, he would back the traveller.

The transport policy's objectives mesh with the prime minister's determination to put citizens' and consumers' rights at the centre of the party's election campaign.

It emerged last week, however, that transport ministry proposals for the "Citizens' Charter" white paper, due to be published in July, were among many departmental suggestions returned to their ministers for a radical response.

First fall in banking jobs for 10 years

EMPLOYMENT in the large clearing banks fell for the first time in a decade last year as the recession and bad debts forced staff cuts, writes David Lascelles.

The eight leading banks employed 336,900, down from 342,100 the year before, according to the British Bankers Association.

The same banks had 12,547 branches last year, from 12,789 the year before. The biggest fall came at National Westminster, which closed 99 of its nearly 8,000 branches.

The banks had 42.9m current accounts, up from 39.2m the year before. Of these, interest-bearing current accounts rose to 18.9m from 14.2m.

High turnover in company executives

THE AVERAGE executive changes his or her job every three and a half years and will have worked for six companies by the time of retirement at 55, according to a report published yesterday.

A typical business career lasts 25 years, with executives usually leaving university to find a first job at 23 and making a final job move at 45, suggests Worktech Ventures, the redundancy management specialists.

Mr Clive Beasley, Worktech's director, said employees no longer expected to work for the same company for most of their life.

Co-operatives hang on to retail market

CO-OPERATIVE societies retained their 4.4 per cent share of the national retail market last year, the Co-operative movement's annual congress was told yesterday in Llandudno.

In the year to January their combined turnover rose 3.1 per cent to £8.9bn and trading surplus grew 22 per cent to £167m. Thirty of the 50 largest societies improved trading profitability over the year.

Cardiff-Paris air service planned

MANX Airlines is planning to launch twice-daily service between Cardiff and Paris in the autumn.

The airline, which started separate services between Cardiff and Brussels and Düsseldorf in April, hopes to get final approval for its French flights at the International Air Transport Association's route-forming talks next month.

Manx was awarded an evening take-off and landing slot at Paris's Charles de Gaulle airport some time ago. Mr Terry Liddiard, managing director, said Manx wanted to be able to undertake two flights a day in each direction and so would not start until it was awarded a morning slot as well.

Patience over pessimism in Ulster talks

Peter Brooke has yet again seen his initiative rescued from collapse, writes Ralph Atkins

NORTHERN Ireland secretaries need the patience of Job, Mr Peter Brooke, the present incumbent, remarked wistfully one evening last week after another day of pedantic negotiations at the former Parliament buildings at Stormont.

Today Mr Brooke will attempt to revive his talks initiative at more private meetings in Belfast with proposals for ending the deadlock on how the second "strand" of talks, when the Irish government will enter, is to be run.

He will set out the terms of reference and standing orders under which the proposed independent chairman will work - and probably a procedure for selecting a candidate for the post from a slate proposed by Mr Brooke.

In his two years at the Northern Ireland office Mr Brooke has won praise from all sides for his courteous chivvying. But Job of the old testa-

ment lived to be 140 or more while Mr Brooke has already exhausted four of the 11 weeks set aside for the talks process. Three terrorist killings at the weekend undermined the frustration of his task.

A successful outcome depends on the reaction of the nationalist Social Democratic and Labour Party (SDLP) which has withdrawn from bilateral meetings with Mr Brooke until Unionist anxiety about strand two has been cleared and round-table talks can start.

Whether the SDLP accepts Mr Brooke's plans, and indeed whether it even turns up at Stormont today, depends on whether the party believes Unionists are committed to progressing beyond strand one of the talks process, which looks at the province's internal government, to consider the wider relationships between Northern Ireland and the rest of the British Isles.

It is an esoteric argument that has drained momentum from Mr Brooke's attempts to bring Unionist and nationalist leaders together at the negotiating table for the first time in 15 years.

It would be dangerous to hail an agreement allowing round-table talks to proceed as a breakthrough. The problems borne of centuries of sectarian conflict have yet to be addressed.

With hindsight, the Downing Street meeting two weeks ago between the prime minister, and Mr James Moynihan and the Rev Ian Paisley, the two Unionist leaders, might have done more harm than good.

Before, the wrangling was merely embarrassing, marring the spirit of goodwill with which the participants had entered the talks. Then Mr Brooke decided to take a grip of the situation and after a suc-

cession of wasted days he issued an ultimatum. Either everyone accepted his proposals for ending the deadlock or he would consider ending the whole process.

Mr Brooke's trump card was discarded when Mr John Major agreed to the Unionists' request to see him, thereby bypassing the ultimatum. There was evident frustration about Unionist tactics among some at the Northern Ireland Office.

A week of damaging confusion followed. Unionists and the Northern Ireland Office clashed over the interpretation of the Downing Street meeting. The SDLP was angry at the apparently favourable treatment given to the Unionists. Mr Brooke had "debased his courage", one SDLP member said.

Only now has Mr Brooke started to make headway again, albeit at a snail's pace. Finally, agreement has been

reached on the venue for most of the second strand - Stormont Parliament buildings.

Agreement on the job description of the independent chairman is likely to follow quickly after a bank holiday weekend spent by Mr Brooke honing the details.

The identity of the chairman could produce more dispute. One person under speculation at the weekend was Ms Rosalee Abella, a Canadian lawyer with experience of equality legislation.

All candidates would be screened with suspicion by Unionist and nationalist parties for any indication of where their biases might lie.

As comfort, Mr Brooke knows pessimism has encroached his 15-month-old initiative before, only to be proved misplaced.

He knows too that Northern Ireland's political leaders are under pressure from the local community for progress.

Let your money talk and gain higher interest

Attractive Currency Deposits in 14 different currencies

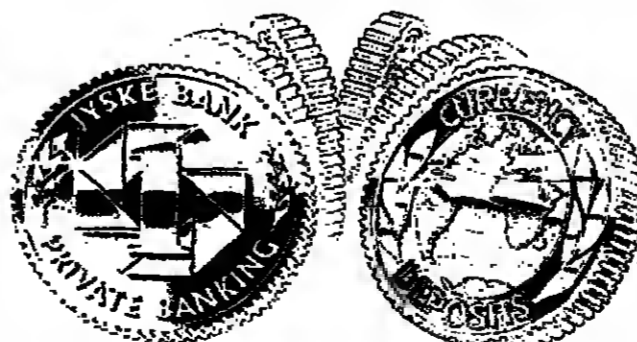
Let your money talk. Get a Currency Deposit with Jyske Bank. We offer you up to 14 high-interest currencies to choose from. Low minimum deposits at 3 or 12 months' notice. We will exchange your initial deposit to the currency of your choice. And you enjoy all these benefits including gross interest receipts if you are not a resident in Denmark.

Jyske Bank represents 25 years of experience in Private Banking, today handling the financial requirements of more than 30,000 clients in 156 countries. If you're looking for professional, cost-effective service, let your money talk and get an account with Jyske Bank.

Deposits are covered by the Danish Deposit Insurance Fund up to DKK 250,000. Deposits are not covered by the UK Deposit Protection Fund.

Currency	Currency Savings Account (min USD 4,500 3 months notice)	Fixed Term Deposit (min USD 10,000 3 months notice)
SEK, Sweden	9 1/4 %	10 1/2 %
GBP, Britain	10 1/4 %	10 1/2 %
ESP, Spain	11 1/4 %	12 %
ECU, European Currency Unit	-	8 %

(Excludes 1st 10 Months)



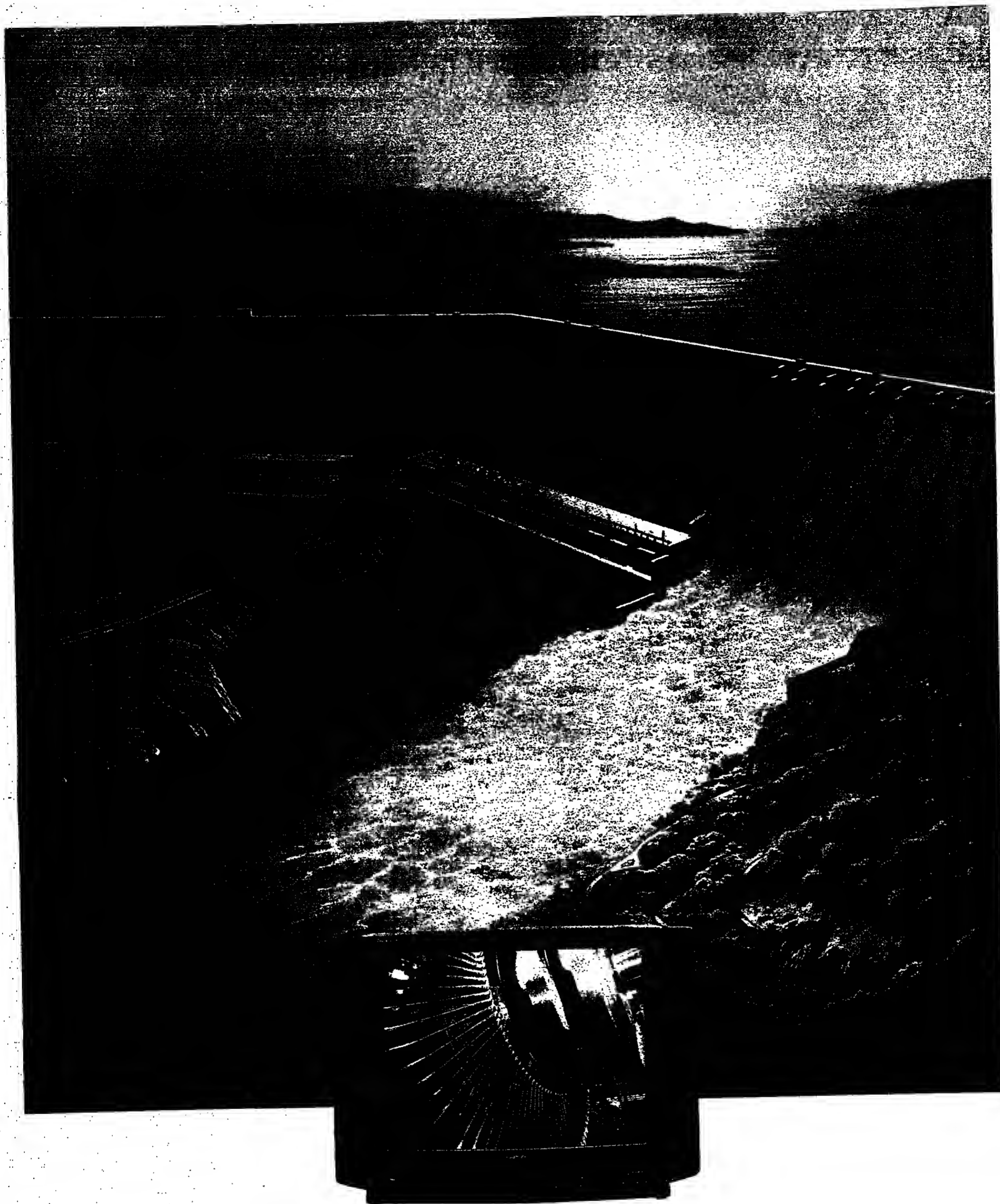
JYSKE BANK
Bank of Jylland

Jyske Bank Private Banking (Int.)
Vesterbrogade 9 P.O. Box 123
1780 Copenhagen V, Denmark
Tel. +45 31 21 22 22
Fax +45 31 21 42 00
Member of TSA

Please send me information on Currency Deposits and other benefits of Jyske Bank, Private Banking (International)

Name _____
Address _____
Tel. _____

London, Hamburg, Gibraltar, Zürich, Poengirola



NOT ONLY DO WE BRING THE IMAGE TO LIFE, WE BRING LIFE TO THE IMAGE.

As world leaders in LSI technology and inventors of FST, Toshiba are able to produce television pictures so true to life, you would think you were there.

And with improved NICAM digital stereo the sound is as crisp, clear and lifelike as the pictures.

But then, that's what you have come

to expect from Toshiba. Something you might not realise, is that since 1900 we have been one of the world's foremost producers of turbines.

Today our turbines contribute to power generation in more than twenty countries around the world, offering truly efficient, reliable energy for us all.

In Touch with Tomorrow
TOSHIBA

FOR FURTHER INFORMATION: TOSHIBA (U.K.) LTD., TOSHIBA HOUSE, FRIMLEY ROAD, FRIMLEY, CAMBERLEY, SURREY GU10 5JL. TELEPHONE: 0256 62221.

UK NEWS

Small businesses complain at bank interest charges

By David Barchard, Ian Hamilton Fazey and Alan Pike

CONCERN is mounting that financial pressures on smaller businesses in Britain are being aggravated by banks failing to pass on interest rate cuts.

Accountants and business advisers say a pattern of lending behaviour is emerging towards companies turning over less than £2m a year - the bulk of the 2.4bn businesses in Britain. Banks are using interest rate cuts to improve their own margins, making many smaller corporate customers pay the same or more for loans.

Lloyds Bank is switching its small business customers out of annual interest rates to arrangements comprising a premium between 1.75 per cent and 4 per cent over base rate (currently 14 per cent). Its new "managed" rates will be charged monthly, as with a credit card, and fixed so that falls in base rate will not be passed on to customers.

Officials of the Confederation of British Industry, the employers' organisation, have received complaints from managers of smaller companies who believe they are the victims of unfair treatment by the banks. Representatives of the CBI's smaller companies council plan to meet bankers and discuss the problem.

One northern company which reported a fall in profits

compared with last year recently found its premium over base rate increased from 1½ per cent to 2½ per cent - wiping out the effect of most of the last two half-point interest rate cuts - because its performance had worsened.

Representatives of small businesses say high-performing companies can still obtain competitive terms from their banks, with the heavy charges falling on those which are doing less well. But changing bankers is more difficult now than two or three years ago when the banks were fighting for volume.

The banks admit that they are trying to restore eroded margins. A spokesman for Royal Bank of Scotland said yesterday: "Over the last few years there has been a lot more competition for business customers and so our margins were badly eroded."

"Banks are now trying to recover lost ground which has been eroded by competition from overseas. Bank managers have a fair amount of discretion when setting the rate for business loans."

A spokesman for Barclays, one of the UK's four main clearing banks, said bank managers considered small business customers on the basis of risk when making loans.

SI initiative, Page 11

Defence plans threaten Farnborough air show

By Paul Betts, Aerospace Correspondent

THE FUTURE of the Farnborough air show, one of Europe's largest market-places for commercial and military aircraft, is under threat amid plans by Britain's Ministry of Defence (MoD) to end its research and experimental flying programmes at the site, west of London.

The move also threatens the £16m development of a business aviation centre at Farnborough, where the annual show is held, and could also have important implications for British Aerospace (BAe), the aviation and defence equipment manufacturer, which is developing new headquarters next to the airfield.

Mr Kenneth Carlisle, the junior defence procurement minister, confirmed this month that all the MoD's research and experimental flying programmes will be concentrated at Boscombe Down in Wiltshire. This meant that the two other MoD airfields at Bedford, north of London, and Farnborough would become "available for disposal".

The MoD, however, will keep the Farnborough airfield open until the end of the century to honour existing commitments to the Society of British Aerospace Companies (SBAC), which organises the air show, and to the Carroll Aircraft Corporation, which runs the new Farnborough business aviation centre.

The SBAC will host the air show up to the year 2000 at Farnborough. But the future after that is uncertain.

Carroll Aircraft Corporation, part of the Carroll construction



Air show under threat: an Antonov AN-24 lands at Farnborough airfield, which faces an uncertain future.

group, has now postponed further development of its proposed terminal and office complex for its business aviation centre.

Its ambition was to develop the centre into a specialised

business aviation field to serve the south west region of London.

The idea was to build up Farnborough into London's equivalent of Le Bourget in France. The Paris airfield close

to the main international airport of Charles de Gaulle has become a busy business aviation centre and also hosts the Paris Air Show, Farnborough's big rival.

Ultimately, the future of the

Farnborough airfield is likely to rest with BAe. The company is widely seen as a possible interested party to take over eventually the airfield to complement its new headquarters complex.

CBI chief criticised over public sector pay

By John Gapper, Labour Editor

CONTROVERSY over pay settlements was re-kindled yesterday when Mr John Bannham, director general of the Confederation of British Industry, was accused of perpetuating a myth about the level of pay in the public sector.

Mr Bannham has criticised the public sector for not responding to the pressures of recession and Britain's entry to the European Monetary System's exchange rate mechanism by moderating pay deals.

His attacks on what he has called "mindless indexation" in the public sector compared to private sector moderation were criticised by the Income Data Services (IDS) research group for being based on a myth.

IDS said most public sector settlements negotiated this year had been close to 3 per cent and the highest settlements had covered those public sector employees whose earnings are linked to the private sector, or to average earnings increases.

It said average earnings for full-time employees in April 1990 stood at £254.40 a week in the public sector compared to £265.90 in the private sector. The annual increase in earnings was 8.6 per cent for public sector workers and 10.1 for private sector.

IDS said: "Just as pay in the public sector is no higher than in the private sector, the myth that public sector pay settlements generally run ahead of private sector settlements does not bear examination."

A separate analysis of teachers' pay between 1970 and 1990 found male and female teachers' earnings multiplied 2.3 and 2.9 times respectively, while private sector non-manual men and women's earnings multiplied 2.9 and 11.1 times.

The average earnings of police multiplied 10.4 times in the same period, while the earnings of male and female nurses multiplied 9.8 and 11.7 times respectively.

IDS Report No 538: Income Data Services, 199 St John Street, London EC1V 4LS. By subscription.

Value of training credits expected to vary widely

TRAINING and Enterprise Councils are varying considerably the value of the new training credits which are to be offered to all 16-17 year-olds leaving full time education from 1993, writes Lisa Wood.

At present credits are only available to about 10 per cent of school leavers in 10 Tecs in England and Wales and 11 Local Enterprise Councils in Scotland. The government announced last week its intention to extend the scheme.

Devon and Cornwall Tec believes its five bands of val-

ues for its training credits are probably the widest, ranging from £1,000 to up to £5,000.

The lowest value credit is for a training course aimed at the attainment of a National Vocational Qualification (NVQ) at Level One - the most basic - in clerical work up to to £4,500 for an NVQ Level Three in occupations including electrical engineering.

The government, which believes the credits will increase the motivation of young people to train, said the average will be about £1,500.

Telecoms group to introduce innovative pay scheme

By Michael Smith, Labour Correspondent

GPT, the telecommunications group, is planning to introduce an innovative pay scheme for manual workers at its plant in Coventry, central England, through which earnings would be linked to the performance of the unit in which they work.

The system is considerably more sophisticated than standard bonus schemes in Britain, which tend to measure only output and, in most cases, are applied throughout a workforce.

Payments at GPT Coventry would depend on factors including efficiency, first time

pass rates, overheads and maintenance.

The payments could vary considerably from one unit to another and from one month to another.

The scheme has been put forward as part of this year's pay offer to about 1,250 manual workers.

Under such a scheme basic pay would rise by 3 per cent, with the performance-related "factory bonus scheme" yielding 4 per cent for budgeted performance.

Workers, however, in units which perform badly could

receive nothing above the basic 3 per cent rise, while the maximum payment would be 11 per cent.

In addition the company plans to introduce an assessment scheme for most of the plant's 3,800 white collar workers under which pay would rise between nil and 11 per cent with an average increase of 6 per cent.

GPT, owned by GEC and Siemens, refused to comment in detail on its plans, which are still being discussed with unions.

In a recent letter to employ-

ees, however, GPT said that to preserve orders and jobs "we must not add increases such as pay rises to our selling prices."

The only way to finance pay increases was to improve overall business performance. Participants in the factory bonus scheme, which the plant wants the majority of its 1,250 manual workers to join, would see the performance results of their unit monthly and payments would reflect this.

Employees working in areas not covered by the bonus scheme, which includes most of the company's 3,800 white

collar staff, would be assessed annually on their individual performance.

Mr Ray Lissaman, Coventry district officer for the AEU engineering union, said the union would meet the company next month to hear how it planned to operate the scheme.

He predicted that there could be problems if the company wanted to remove existing bonus schemes.

Unions would also want to ensure that criteria for any scheme were introduced by agreement.

Northern Telecom helps shift billions of dollars a day.



When do bankers bank no?
For the Brussels-based Society for Worldwide Interbank Financial Telecommunication (S.W.I.F.T.), the answer is simple.

Northern Telecom.

S.W.I.F.T. provides transmission services among major banks round the world. They chose us to provide them with the most reliable data network available. We are, after all, not just Europe's but also the world's largest supplier of data packet networks.

When completed, this telecommunications solution will connect some 3,000 bank locations in over seventy countries.

So much for the big money.

Now what about the peanuts?

For Cargill, one of the leading agricultural and commodity companies, the problem was entirely different. They needed an internal phone system that ensured fast and reliable communications between their commodity traders across the world.

They chose Northern Telecom because no one sells more advanced business communications systems than we do.

Just two of the ways in which Northern Telecom advanced telecommunications products are helping both big and small businesses in more than one hundred countries worldwide.

Can we help you?

But we also help if it's peanuts.

nt northern
telecom

TECHNOLOGY THE WORLD CALLS ON.

NORTHERN TELECOM IS ACTIVE IN 24 COUNTRIES THROUGHOUT EUROPE. FOR MORE INFORMATION CONTACT NORTHERN TELECOM EUROPE, 44 (0) 753 813800.

3i plans equity rival to small business loans

By Ian Hamilton Fazey, Northern Correspondent

INVESTORS in industry (3i) is to launch an assault on the clearing banks' lending market to small businesses, as the recession ends. The venture and development capital provider will offer an alternative to loans in the form of equity finance of up to £100,000.

Mr Charles Richardson, director of 3i for northern England and Scotland, believes this will put £100,000 equity deals within reach of small businesses wanting to expand, especially with no interest payments to meet.

Deals below £300,000 are considered by most venture capitalists as hopelessly unattractive for the small business. 3i wants to simplify its procedures and reduce total costs to about £5,000 for smaller deals.

Most small businesses are deterred from approaching venture capitalists by the relatively high initial costs. For example, a £10,000 main fee for the capital provider might be involved, with another £5,000 for a thorough accountants' report and £5,000 each for the fund's and the business's solicitors.

As these fees would consume 25 per cent of a £100,000 deal, equity finance, serviced mainly by the clearing banks, prices itself out of much of the small

business development capital market.

Mr Richardson said: "We should not need to adopt the same in-depth analysis of markets and management for small companies as larger ones, where much more is at stake. Straightforward inspection of premises and accounts, coupled with judgment of people, should be enough in most cases, especially with our experience."

3i expects to benefit from a backlash by small businesses that have been squeezed by their banks during the recession. It also believes most clearing banks will respond cautiously and slowly to the end of recession, which could give a six-month lead to equity financiers.

The company hopes to take substantial but cheap minority stakes in promising businesses. Many businesses are expected to have exhausted their cash reserves during the recession but will then be faced by banks over-charging for money to improve previously poor margins.

By offering promising but hungry businesses a fast-track means of raising funds to expand again, 3i hopes to build a portfolio of investments containing enough potential high fliers to make the risks worthwhile.

Engineering groups agree on a merger

By Andrew Baxter

MEMBERS of two big engineering institutions have voted for a merger in the first stage of a process intended to reduce the confusion caused by the industry's over-fragmented professional structure.

The 110,000-member Institution of Electrical Engineers (IEE) and the 20,000-strong Institution of Manufacturing Engineers (IME) will merge on October 1 to form the largest of the 46 UK engineering institutions.

The merger, which comes after two years of negotiations, is a prelude to a bigger proposed deal expected in two to three years - a merger between the IEE and the Institution of Mechanical Engineers (IMechE).

One of the high number of professional engineering institutions have argued that it presents a muddled view of the industry, encourages compartmentalisation when technologies are rapidly converging, hampers competition with countries that have a more unified structure and disempowers the lobbying ability of engineers at Westminster.

Last week Sir John Fairclough, chairman of the Engineering Council and former chief scientific adviser to the government, said that if the UK were to have the strength in engineering needed to compete in world terms, the profession "must put its house in order".

Although mergers between institutions had taken place,

and others were under discussion, the process of evolution was too slow, he said.

After their merger the IEE and IME will create a 30,000-member manufacturing division which, it is claimed, will be one of the most powerful voices for UK manufacturing industry.

Mr Len Weaver, president of the IME, said: "The technologies of the two institutions have been converging for some years and to compete successfully in a rapidly changing and highly competitive industrial environment, specialist professional compartmentalisation is something the country cannot afford."

Mr Weaver added that the merger was particularly important in light of the European Community's single market reforms, and would enable the institution to speak with greater authority to the government and EC.

Mr David Jones, president of the IEE, said endorsement of the merger by the institutions' members was a vote of confidence in the future of industry "and means that we will be able to do even more to support innovation and technological development."

In the IEE 6,277 were in favour of the merger and 4,804 against.

Gas marketing competition in the pipeline

Deborah Hargreaves assesses how independents are shaping up against large producers

MAGHIAVELLI'S The Prince and Clausewitz's On War are essential reading before entering the gas industry, says Mr Alan Marshall, chairman of Agas, the independent gas marketing company. "They help to explain behaviour in certain parts of the market."

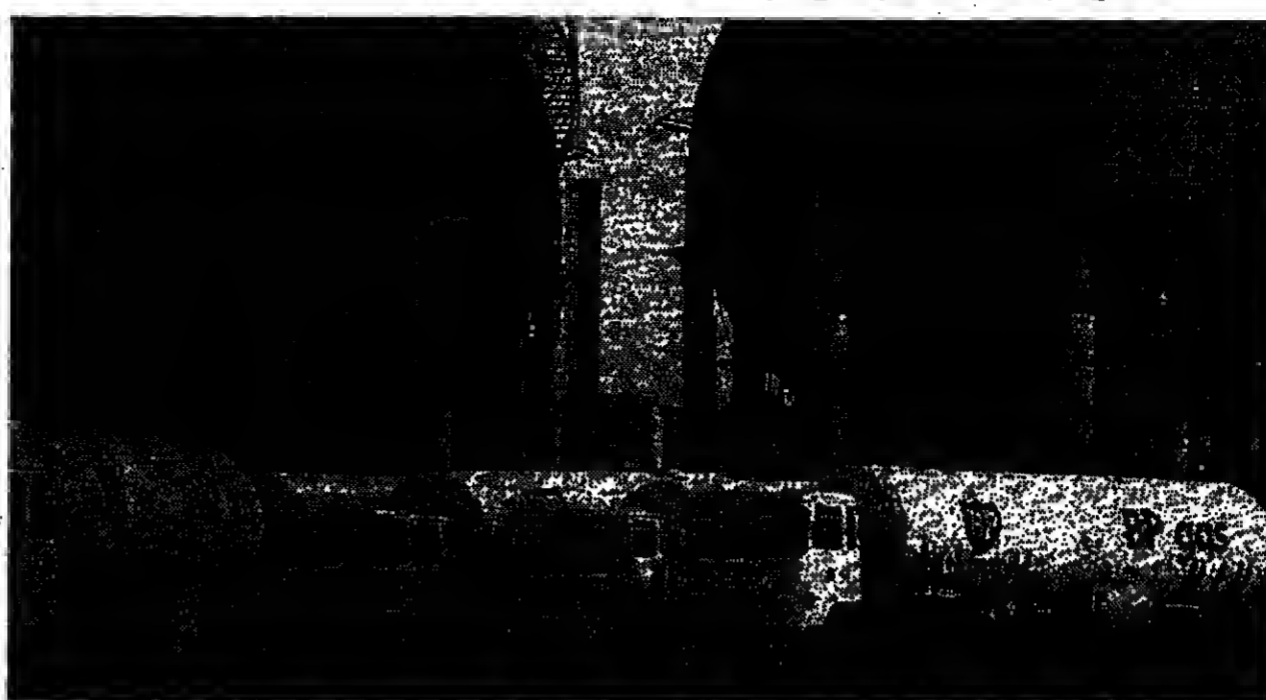
The UK industrial gas market is in flux as competition begins to loosen British Gas's stranglehold. Mr Marshall is at the sharp end of the developing competition as Agas is one of the few gas marketing companies to set itself up against the main producers.

Agas is not an offshoot of a large producer with access to its own gas supply - although Elf Aquitaine of France, the oil group, owns 50 per cent of the company. Mr Marshall must negotiate his own gas purchases and sell them on with a small margin.

When the government privatised British Gas six years ago it envisaged opening up to competition the supply of gas to industrial customers using more than 25,000 tonnes a year. The Office of Gas Supply (Ofgas), the industry watchdog, says it wants British Gas to relinquish 30 per cent of this market to competitors by 1995.

Mr James McKinnon, Ofgas director-general, envisages British Gas holding only half of the market when competition is fully established. Competition has been slow to flourish. The main players are the large oil companies which produce gas from the North Sea fields they control.

Mr Mike Gibbons, energy policy and purchasing manager at ICI, the chemicals group, said: "What consumers want is choice, not... the gas supply, but we've always believed there is a role for independent companies as aggregators of gas



Armed with tanks: gas marketing is dominated by large oil companies which produce gas from their North Sea fields

demand which they can then buy as a large parcel."

The UK's experience of opening up the gas market to competition could be used as a model for the rest of Europe.

The government is believed to favour further competition, so independent companies could expect to receive the tacit support of the Department of Energy.

Mr McKinnon is keen to encourage smaller companies to enter the market. He cites a marketing company which is in talks to buy gas from a small North Sea field the producer had previously thought not worth developing.

The Office of Fair Trading is reviewing the way competition has worked in the gas market, specifically the rule which

requires British Gas to purchase no more than 80 per cent of the gas in any new field. The OFT will report to ministers later this summer.

Yet the issue of competition revolves around risk-taking. Mr Mick White, a gas expert at Arthur D. Little, the management consultancy, said: "It is the question of risk and who gets the reward for taking that risk."

The big companies argue that an independent supplier typically takes no risk for developing gas fields and therefore deserves little reward.

Large consumers are averse to assuming the risk that a small supplier might not be able to meet their requirements. One large industrial consumer which had discussed gas supply with Agas backed

off at the point of signing a contract when Agas could not show it had a source to supply the customer's needs for the full two-year contract.

Mr Jonathan Stern, a gas expert at the Royal Institute for International Affairs, said: "There is something peculiar about the gas market in which consumers and producers feel they need to operate in an entirely risk-free environment."

Gas users say they are not just looking for price advantage when they negotiate with producers. They are also interested in willingness to negotiate on other parts of the contract such as the interest charged on late payments.

British Gas's published price schedules for industrial users

are complex. Prices can change monthly as a consumer's use of gas rises and falls. Many consumers are looking for one price to cover all their needs.

The UK is still years away from a spot market where companies can buy gas for delivery in the next month. If this sort of market is to develop, as it has in the US, more companies need to be encouraged into the industry.

Mr Marshall would like the government to give some clear indication that it wants this to happen so more gas trading and marketing companies are attracted to the market. He believes competition will not truly flourish until large producers lose their "closed club" mentality and open up the gas supply chain.

Discount stores prosper in recession

By Alice Rawsthorn

DISCOUNT STORES are gaining popularity in the face of recession according to a report from Mintel, the market research consultancy.

Mintel estimates that only 5 per cent of the adult population never shops at sales or at discount stores.

Its findings suggest that half of all adults have shopped at market stalls in the past year, one in five have bought something at a charity shop and two thirds have shopped at sales.

Seconds shops, which sell samples or sub-standard goods, are becoming increasingly popular.

The same applies to jumble sales and car boot sales, an American phenomenon that gained momentum in the UK during the 1980s.

One in six people now buys things from jumble sales and car boot sales, Mintel's report found.

The research suggests the belief that sales and discount stores only appeal to poor people has been rendered redundant.

In fact people in the AB socio-economic group, the wealthiest part of the population, are the most interested in buying bargains.

The ABs are not only more likely to shop at sales than other people, but also more inclined to wait for sales to buy particular items.

Similarly the ABs are more likely to buy second-hand goods at charity shops than less affluent members of the population.

Discount and Off-Price Retailers, Mintel, 18-19 Long Lane, London EC1A 9HE. 2345.

Video outlets hit by a fall in income

By Alice Rawsthorn

THE RECESSION is taking a toll on the video rental market, one of the most dynamic areas of the service sector in the 1980s. Income in the first quarter of this year was 4 per cent lower than in the first quarter last year.

The latest statistics from the British Videogram Association show video rental income fell to £183m in the first three months of 1991 from £193m in the first quarter of 1990. This reflects a fall of 12 per cent in the number of videos rented to 85m, compared with 96m in the first quarter last year.

In the 1980s the video rental market grew from virtually nothing to £564m by 1990.

A recent report from Corporate Intelligence, the market research company, estimated that there are 5,000 dedicated video rental outlets. Other shops, notably newsagents, rent videos as a sideline.

The market expanded every year until 1990, when video rental income fell 1 per cent to £564m, according to the BVA. A number of video rental stores have recently gone out of business, including the Video Store Group, a chain of 100 outlets which went into receivership earlier this year.

Catalyst car sales increase

By Kevin Done, Motor Industry Correspondent

SALES OF cars equipped with catalytic converters are rising sharply and are forecast to account for one in four new cars sold this year.

According to Automotive Industry Data (AID), the UK-based automotive analysts, sales of such cars will jump to about 410,000 this year from 106,000 in 1990 and only 10,000 in 1989.

Catalytic converters, which reduce harmful emissions by about 90 per cent, will become mandatory on all new cars from the end of 1993 according to European Community regulations.

Sales growth of catalytic systems cars in the UK still lags far behind that in some European countries, such as Germany, however, which have used tax incentives to stimulate demand.

Virtually all petrol-engined cars sold in Germany, which account for nearly 90 per cent of the market, are equipped with catalytic converters.

Car makers have adopted differing strategies in various European markets for the introduction of catalytic-equipped cars.

General Motors (Opel/Vauxhall) chose to force the pace in Germany by announcing in April 1989 that it was fitting catalytic converters as standard equipment on all Opel petrol-engined cars. In the UK cars fitted with catalytic converters accounted for only 12.1 per cent of Vauxhall sales in the first quarter this year.

The move to catalysis in the

UK CATALYST CAR SALES January-March 1991

	Total sales all cars	Share of market(%)	Cat sales by number	Cat share of market(%)
Vauxhall	14,464	3.2	13,700	94.7
Volkswagen	23,288	5.1	11,000	47.2
Vauxhall (GM)	78,537	17.2	9,500	12.1
Renault	8,730	1.9	5,600	64.1
BMW	3,174	0.7	5,000	54.5
Audi	4,981	1.1	4,800	97.0
Seat	2,880	0.6	2,800	97.2
Ford	184,882	41.2	1,200	0.6
Peugeot	14,074	3.1	1,200	8.6
Rover	71,594	15.7	1,600	2.1
Honda	7,036	1.5	1,400	19.7
Toyota	9,529	2.1	1,400	14.7
Subaru	3,259	0.7	900	27.6
Alfa Romeo	20,041	4.4	900	4.5
Jaguar	2,104	0.5	900	42.8
Peugeot	31,857	7.0	700	2.2
Alfa Romeo	5,974	1.3	700	11.7
Porsche	656	0.1	600	91.5
Citroen	14,759	3.2	150	1.0
Fiat	10,552	2.3	0	0.0
Others	12,220	2.7	850	6.9
TOTAL MARKET	458,730	100.0	66,500	14.4

Source: Automotive Industry Data and Industry sources

UK has been led by continental European executive and luxury car makers, including Audi, Volvo, Porsche, Seat and Mercedes-Benz.

The leader among that group is Audi, which announced in September 1989 that it was moving to catalysis as standard equipment.

According to the AID survey catalytic cars accounted for 97 per cent of Audi's UK sales in the first quarter this year.

Among the volume car makers Volkswagen has made most progress in introducing catalytic cars, which accounted for 47.2 per cent of VW sales

in the first quarter. Others have been slow to follow the trend.

Only 1.5 per cent of the cars sold by Ford, the market leader in the UK new car market, were equipped with catalysis in the first quarter, while Rover managed barely 2.1 per cent of its sales as catalytic cars, Peugeot, 2.5 per cent and Citroen 1 per cent.

First of all, whose sales and market share have slumped generally this year, is shown up in the AID study as falling furthest behind in the move to catalytic-equipped cars with no sales registered at all in the first quarter.

Your Spanish holiday could end up all at sea.

Is gliding across a shimmering sea your idea of heaven? Then Spain is your kind of holiday.

Indeed, more than 5,000 kilometres of Spain's coastline are nothing short of a paradise for watersport enthusiasts. Yachting ports and marinas, with the most sophisticated facilities, including superb restaurants and lively discos, are to be found all round the coast of Spain and the Spanish Islands.

Waive anchor from Puerto Banús in Málaga, Empurià-brava in Catalonia, Marina del Cantábrico in Cantabria, Puerto de la Luz and Las Palmas in the Canary Islands. Or simply set sail from a sunny beach. You don't have to own a boat, you can hire one.

The fun, like the sun, is endless. Fly before the famous winds of Tarifa.

Dive into the deep clear water of the Balearic Islands. When you take a holiday in Spain, you're bound to end up on the crest of a wave. Consult with your travel agency.



Spain. Everything under the sun.



EXPO'92

Spain. Host to the Olympic Games and 1992 Seville Universal Exposition.

REBUILDING KUWAIT



This important FT project was postponed following the tragic death of two journalists working on it.

A new editorial team has been formed and the survey will now be published in the Financial Times on

25 June 1991

It will describe one of the most complex reconstruction projects since the end of World War II.

It will also provide a valuable sector by sector analysis of reconstruction needs, as well as specific contract opportunities.

Copies of this survey will be distributed to the Kuwait Investment Office, the Central Bank and the Kuwaiti Ministry concerned with the re-construction project.

If you want to reach this vital audience along with decision-makers worldwide, call Tony Blin-Stoyle on (071) 873 4920 or Jessica Perry on (071) 873 4611 or fax them on (071) 873 3062

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

APPOINTMENTS

Main board posts at Wimpey

■ **GEORGE WIMPEY** has appointed the following to the main board (they remain on the executive board and retain their current posts): Mr Dennis Brant, chairman and chief executive of Wimpey Construction; Mr Roger Grey, group chief solicitor; Mr David Fenton, chairman of Wimpey Group Services and group company secretary; and Mr Tim Rose, chairman and chief executive of Wimpey Minerals.

Dr Roger Brown has joined Wimpey Environmental as chief air quality scientist. He was with Rechem.

■ Mr Michael Smith has been appointed project director for CrossRail, a £1.5bn scheme to provide a rail link across London from the eastern and western home counties. He was project manager for the Censation Cleveland consortium which was responsible for the privately-financed Dartford Crossing, and before that supervised the design and construction of stations and viaducts and tunnels for the Hong Kong Mass Transit Railway.



Mr Stuart Rodger (pictured) has been made appointed actuary and a director of NM LIFE ASSURANCE. He has been transferred from the National Mutual Life Association of Australasia where he was manager, corporate superannuation services in New South Wales.

■ **ENGLISH GLASS GROUP** has appointed Mr Tom Lawson as group chairman, and Mr Kysiek Flasecki moves from deputy managing director to chief executive. The English

division, producing dispensing and packaging systems, is headed by Mr Paul Taylor as managing director. Both Mr Taylor and Mr John Carpenter, managing director, glass component manufacturing facility, join the group board.



Mr Stephen Clague (pictured) has been appointed finance director of MILWARDS SHOES, the Reading-based multiple retailer.

■ **INTREPRENEUR**, Thames, which markets leases on Courage and GrandMet pubs, has appointed Mr Tim Sykes as commercial director. He is replaced as London regional director by Mr David Myers who joins from GrandMet Estates acquisitions division. Mr Nigel Moss becomes south east regional director. He joins from Courage where he was tenant director, property. Mr Kevin Wheeler has been promoted to south west regional director. Mr Ian Frost moves from Midlands to northern regional director.

■ Mr Graham Oliver has been appointed chairman and chief executive of VIKING SECURITY SYSTEMS, Eistree. Mr H. Matthew Pollard joins the board as non-executive marketing director, and Mr Allan Thomas has been promoted from engineering manager to technical director.

■ Mr Chris Tucker has been appointed chairman and chief executive of NETWORK BENEFITS GROUP, Basingstoke, and of Network Health Care, and Network Insurance Brokers. Mr Chris Gummell has been appointed group financial director. Mr Tucker was development director with HongkongBank Group's Lloyd's insurance broking subsidiary, Gibbs Hartley Cooper.

■ **MORGAN STANLEY**, London, has appointed Dr

Duncan Moore and Mr James McKean to its equity research department to cover the pharmaceutical industry. They join from Mair-Carby Bottkjaer, a research boutique.

■ Mr Derek Parry has been appointed chairman of HIGH-POINT RENDEL PROJECTS, a new company in the High-point group. Mr Ian Reeves becomes chief executive; Mr Terry Murray managing director; Mr George Mitchellhill managing director, project management division; Mr David Hookway director; Mr Leslie Dixon director and Mr Philip Harris and Mr Richard Perkins assistant directors.

■ **BABCOCK INTERNATIONAL GROUP** has appointed Mr Gordon Law and Mr John Prosser to the board of subsidiary Babcock Energy. Mr Law is responsible for the Scottish manufacturing division, and Mr Prosser for the power engineering division, Crawley.



Mr Keith Carpenter (pictured) has been appointed senior director of LLOYDS DEVELOPMENT CAPITAL. Mr Clive John and Ms Anthea Harrison have been appointed directors. Mr John Dillon and Mr Nick Bacon have both been appointed investment directors, based in Birmingham.

■ Mr Peter Booth has been appointed sales and marketing director of MORPHY RICHARDS CONSUMER ELECTRONICS. He was sales and marketing director of Geonarc.

■ **MERCIA SOFTWARE**, Birmingham, has promoted Mr Mark Sutcliffe to sales director.

■ Mr Roy Turner has been appointed corporate banking director at MIDLAND MONTAGU corporate banking,

with responsibility for the new engineering industries group.



■ **RENAULT TRUCKS**, Dunstable, has appointed Mr Mike Darby (pictured) as general manager, sales. He was deputy managing director at a Scania distributor in Bristol. Mr Darby will be in charge of the demonstration fleet.

■ **FIDELITY INVESTMENTS** has appointed Mr Tony Chalmers as managing director of administration and systems. He was director, card and electronic products, Midland Group.

■ Mr Donald P. Brennan has been appointed to the board of WATERFORD WEDGWOOD, and Mr Charles W. Tate has resigned. Mr Brennan is a managing director of Morgan Stanley & Co, and head of the merchant banking division. Mr Tate is also a managing director of Morgan Stanley.

■ Mr Paul Manduca, chairman and chief executive of Touche, Reunant, will become chairman of the ASSOCIATION OF INVESTMENT TRUST COMPANIES in November.

■ Mr Michael Crabb has been appointed head of media group at CANADIAN IMPERIAL BANK OF COMMERCE, London. He was director, acquisition finance group. The media group arranges and provides finance for the communications, entertainment and publishing industries in Europe.

■ **STANDARD LIFE ASSURANCE COMPANY** has promoted Mr Alan Goodman and Mr Alan Burton to assistant general manager (product management). Mr Goodman was marketing manager (pensions) and Mr Burton was marketing manager.

Nedlloyd can give you a logistic headstart.

In transport, storage and distribution there is an increasing emphasis on logistic services. Nedlloyd can give you a logistic headstart in these areas. Our service focuses on managing the physical flow of goods on land, sea and air plus the related flow of information.

The Nedlloyd Flowmasters® concept was especially developed for this purpose. Thanks to the experience and expertise of our 25,000 employees all over the world, our networks in container logistics, road transport, warehousing and distribution connect seamlessly.

We also provide logistic services for specialty goods, such as garments and chemicals. However, we are not limited to the transport of goods alone. We provide stock management, picking/packing, invoicing and other value added services. Interested in how Nedlloyd can give your business a logistic headstart? Just ask for our comprehensive brochure. *Registered

Royal Nedlloyd Group N.V., Central Public Relations, Boompjes 40, 3011 XB ROTTERDAM. Telephone: (10) 4007111. Fax: (10) 4046460.

Some do transport, we do more.  **Nedlloyd**


Ahlan Wasahlan Resolutely.



A commitment to service that never wavers in the face of adversity. World events have given us our "ups" and "downs" but have never stopped our take-offs and landings. We make it a point to keep our flights going, no matter how difficult the circumstances. When we invite you to "Fly Saudia", it's not a mere empty gesture. It's a promise that we keep.

saudia
SAUDIA ARABIAN AIRLINES

Ahlan Wasahlan



Even a local business has any number of opportunities for make-or-break decisions. But risks multiply when there are international activities. To many companies, one event is making crossborder planning unavoidable: the emerging European Single Market.

For us, 1992 has already arrived. To assist those managers who look to the European Single Market as promising new opportunities but also posing new insurance problems, we've come up with a distinctive European solution: the Zurich Europolicy. Its advantages for you?

Your cross-border risks are covered in one package. As a multilocal insurer, we are familiar with conditions in all the different countries.

Local specialists assess your company's European risks on the spot. An internationally coordinated analysis informs you how to reduce your risks and insure against them.

Or do your plans go beyond the EC? True to its multilocal

concept, the Zurich facilities are firmly established in more than 80 countries. We are one of the world's leading insurance groups. Our AAA rating attests to our financial muscle. There is virtually no type of industry in which we are not involved. We provide comprehensive insurance packages instead of incoherent covers. Protecting major international risks is part of our every-day business.

Don't forget: "multilocal" means local too. Even if your interests are

"Resources will be concentrated on businesses with strong, global positions now or in the future."

A business leader

closer to home, there is every reason to seek a financially sound partner with first-hand knowledge of international developments. Whatever your plans, talk to us. Our business is worldwide security. Call your local Zurich office for more information.



**ZURICH
INTERNATIONAL**
GLOBAL SECURITY

MANAGEMENT: The Growing Business

In brief...

■ The growing range of grants and loans available to small business from the European Community is explained in *Finance from Europe*, a guide produced for the London office of the European Commission. The 32-page booklet provides details of regional aid, special programmes for small and medium-sized businesses, for research and development and for training. It lists contact addresses and includes an index.

■ Available from branches of National Westminster Bank. Free.

■ Twenty three seed capital funds have been established throughout Europe following the launch last year by the European Commission of the European Seed Capital Fund Network.

■ The funds have raised a total of £20.36m (£25m) and invested £20.5m in 46 businesses. This is a faster rate of investment than was envisaged by the commission's enterprise directorate.

■ Newly appointed company directors frequently take no advice about the obligations and risks of their position. Many assume that because their company has limited liability or that because the directorship is non-executive there is no personal risk.

■ But recent legal changes imposing stricter obligations could expose directors to fines or even imprisonment.

■ Guidance on ways to minimise the potential risk and a consultation with a solicitor experienced in company law form part of a legal check-up package costing £250 (plus VAT) which has been designed for directors of private and smaller public companies by solicitors Collyer Bristow.

■ *Collyer Bristow, 4 Bedford Row, London WC1R 4DP. Tel 071 242 7363.*

■ The fourth edition of *The Enterprise Directory*, a guide to training and advisory services for small businesses in Scotland, has been produced by the Scottish Enterprise Foundation.

■ The listings include colleges of further education, universities, chambers of commerce, enterprise trusts and district councils.

■ *University of Stirling, Stirling, Scotland FK9 4LA. Tel 0786 73171. 202 pages. £17.50.*

Big Brother looms into view

Very small companies are coming under increasing pressure to conform to British Standard 5750, Charles Batchelor reports

The drive to improve quality in British industry is putting the squeeze on the smallest of small businesses. Many are too small to be able to afford the time and money required to qualify for British Standard 5750, the most widely accepted mark of quality control.

Large companies are starting to insist that all of their suppliers conform to BS5750 even if they have in the past had no complaints about the quality of their products or service, small firms complain.

Growing concern among small firms has prompted the National Federation of Self Employed and Small Businesses to poll its 50,000 members on their experiences of BS5750.

It hopes to win backing for a campaign to introduce a modified version of the standard which would be better suited to very small businesses. A total of 12,000 UK companies have qualified for BS5750 in recent years, 9,500 through the former British Standards Institution, and the remainder through other UK certification organisations.

BS5750 is a system for ensuring that every aspect of a company's business, from the way the switchboard operator answers the phone to the control of raw materials as they pass through the factory, is up to scratch. Introducing BS5750 can take many months of work and require companies to overhaul every aspect of their administration.

Companies which have won accreditation report substantial improvements in efficiency and ultimately in profits but only at the cost of a considerable initial commitment of time and money.

Richard Pickard, managing director of the Grantham-based Pickard Tyre Machine Service, says his three-person business could not afford the additional costs caused by the paperwork involved in applying BS5750. "I would have to take someone on to deal with the paperwork and that would increase my costs by 33 per cent," he says.

Turnover of the business, which makes tyre-fitting machines, is £20,000 a year.

Four of its biggest customers have said they are moving towards using only BS5750 accredited suppliers including two who have said that if Pickard Tyre is not registered by 1994 it will be dropped as a supplier.

"My customers have been perfectly happy with what I have been doing for the past 12 years," says Pickard. "As the provider of a service, if my work is poor my company fails. I

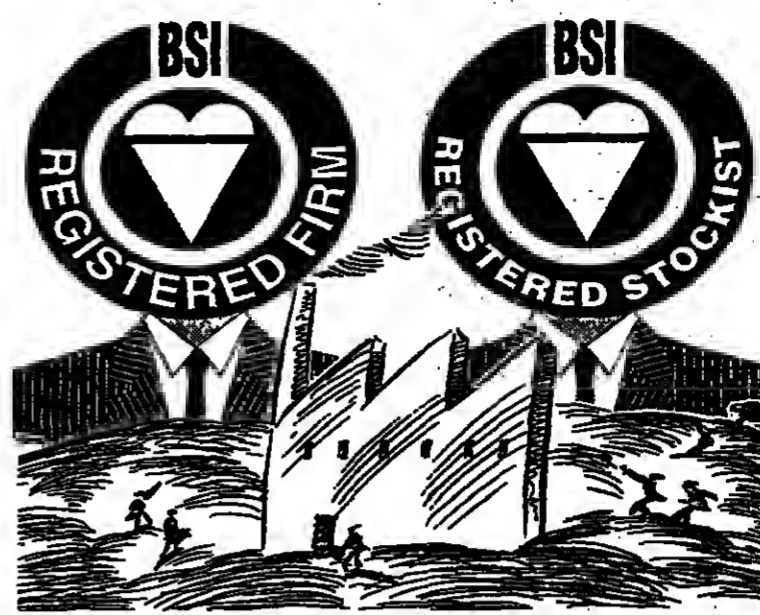
don't need someone from outside in a grey suit to tell me I need to do a good job."

"BS5750 may be of value to the larger company which needs to sort its systems out but if I take delivery of a load of steel I don't have to look far to know where I have put it," AA Welding, a Morley, West Yorkshire-based manufacturer of welding equipment, got as far as spending £4,000 on introducing BS5750 before rising costs forced it to pull out. "It was just too expensive," says Joan Ball, a partner in the 15-person business.

Ball remains committed to the idea of a quality accreditation scheme but believes that it needs to be simplified so that it can be operated by the smallest companies. "Either that or it needs to be graded by size of company so that the work involved can be kept manageable," she says.

AA would have to employ an additional, non-productive person to administer BS5750 and that would be too costly for a firm of its size, she adds. Yet failing to become accredited could cost the company some large customers. One has sent out letters saying that unless suppliers are accredited by the end of 1992 they face the prospect of being removed from the supplier list.

BS5750 gives companies the option of requiring their suppliers to become accredited or of allowing them to continue on the basis that their previous



deliveries have been up to standard, Ball explains. AA is happy to continue dealing with its suppliers on the basis of their previous good performance but many large companies are insisting on BS5750.

BSI says it is doing all it can to reduce the cost of BS5750 to companies seeking accreditation. It has worked with chambers of commerce and trade associations to help them devise quality procedures suitable for their members, thereby avoiding the need for each company to do this individually.

Subsidised help with the cost of

introducing BS5750 is also available through the quality element of the Department of Trade and Industry's Enterprise Initiative. This will provide between half and two-thirds of the cost of consultancy advice. BSI officials have also agreed to meet the Federation of Self Employed to discuss its members' problems.

The growing clamour from the smallest of British companies suggests that some action is needed if an initiative intended to improve the competitiveness of business is not to have the unintended effect of pushing many to the wall.

Barclays steps in to help

MOST bank managers lack the time and the expertise to provide their small business customers with the detailed assistance. The result is the frequent complaint that "the bank doesn't understand my business".

To overcome these objections Barclays Bank has launched what it calls its Business Growth Service to provide promising customers with advice similar in quality to that available from venture capitalists and their clients.

The new service is currently operating on a pilot basis in the West Midlands, where 15 companies have been helped since operations began in April 1.

Barclays will target small and medium sized businesses - employing 10 to 200 people - identified by its branch managers as having potential for growth. The Business Growth service will provide between one and two days of free advice to customers.

If the problem required more specialised knowledge the bank advisers would recommend consultants or other experts who would charge their normal fee. Unlike the standard "signposting service" provided by many advice agencies, which frequently leaves the businessman floundering, the Barclays service would help them to draw up a business plan, monitor the progress of the consultancy contract.

The new service is being headed by Ray Lowe, from Yorkshire Ventures, a development and venture capital company. Lowe is a former chairman of Wakefield District Council. Both have been involved at Yorkshire Ventures in providing a similar advice service to local businesses over the past three years. Channell describes the new service as applying "the venture capital philosophy of support".

Barclays says the new service involves a substantial initial cost but it believes that by allowing promising businesses to expand it will provide a payback in the longer term. If it does succeed in providing effective advice to small businesses at an economic cost it is unlikely that this initiative will be without competition from the other banks for very long.

CB

Tempers rise over tax treatment

climate of tax collection. The Association of Independent Businesses, the London Chamber of Commerce and the National Federation of Self Employed and Small Businesses have all highlighted the severity of penalties now available to the taxman.

Despite the issuing in 1986 by the revenue and customs of a taxpayers' charter guaranteeing fairness, courtesy and consideration, the taxman and the VATman frequently appear to be acting with excessive zeal, business groups claim.

It is not unknown for tax collectors to turn up at a company's premises to collect a cheque a day or two before the due date, says David Gowing of Anson Gowing, a Bracknell, Berkshire-based firm of accountants. "This hard-nosed approach seriously exacerbates the cash-flow problems many businesses are experiencing in

the recession," he adds.

Anson Gowing itself received a letter threatening recovery proceedings five days after the due date for paying PAYE. The company had already posted the cheque and had no history of persistent late payments, says Gowing. A lack of communication between the two different tax departments which assess and collect taxes often leads to problems, says Lance Blackstone of Blackstone Franks, a London accountancy firm.

The tougher tax climate has resulted from recommendations made by the Keith Committee in the early 1980s for a tightening up of the enforcement powers of the tax departments. Among the changes made was the introduction of a range of penalties and interest charges for offences such as the late registration of a business for VAT and failure to

make a VAT return or to pay tax on time. Most controversial was the serious misdeclaration penalty for businesses which made an error of 30 per cent or more in their VAT returns.

Customs says the penalty for serious misdeclaration can be avoided if the businessman can provide a reasonable excuse for the mistake, but the business organisations say simple errors can be costly. The penalty rate was originally set at 30 per cent but has been reduced to 20 per cent pending review.

Not only has the tougher tax regime come into effect during a recession, the businessman can no longer rely on getting help from his local tax office. As the tax rules have become more complex so the quality of advice available from tax offices has declined, says Nigel Horner of Chartered Investigations Group, a Peterborough-based tax consultancy.

Unlike large companies which can expect frequent visits from the taxman small companies may go years between visits. This means that errors may not be picked up for a long time so that penalties and interest payments may mount up to quite considerable sums, says Horner. In addition, since small companies are often dealing with smaller amounts of VAT the chance of any mistake exceeding the 30 per cent trigger point is greater.

So complex has the tax system become that it is unrealistic to expect a small businessman to make innocent mistakes in filling in his tax return. This misconception and accountants' argue. One businessman reports attending a meeting with customs where an official apologised for making a mistake over some figures. The businessman took great pleasure in pointing out

that in the eyes of the customs themselves that would not have been a mistake but "a serious misdeclaration".

What particularly irks the small business community is the fact that the government is able to insist on being paid on the nail but shows little interest in helping businesses obtain prompt payment of commercial debts. Ministers have several times in recent years blocked attempts to strengthen the legal framework for ensuring timely payment.

"The legal system for collecting your debts is a nonsense," says David Gowing. "If anyone owes you money it is a waste of time trying to get them to pay. At the same time the government has introduced draconian penalties to ensure it is paid on time. This contradicts people's sense of grievance."

Useful reading: *VAT and the Small Business*, by Edmund Tibbitt, Kogan Page, 110 pages, £4.95. *Understanding VAT* by William Lovell, Pitman, West, 176 pages, £7.95.

BUSINESS OPPORTUNITIES

READERS ARE RECOMMENDED TO SEEK APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

Your last chance to see the 1991 World Cup Final from the New North Stand Twickenham - and the right to buy a seat for every Rugby match at Twickenham for the next ten years, contact the Marketing Dept.

THE RUGBY FOOTBALL UNION TWICKENHAM

The New North Stand Business Debuture package includes England's 3 World Cup Pool matches and access to the New North Stand Business Debuture Lounge.

Phone 061 892 9161 or Fax 061 892 9816

THIS OFFER MUST CLOSE BY 1st SEPTEMBER 1991

To: Other Financial Institutions

Southern based Leasing Company wishes to dispose of a portion of its Lease portfolio:

Average Lease £10,000
All Leases are finance leases
Primary period 2-5 years
Equipment includes:

- Machine Tools
- Fork Lift Trucks
- Commercial Vehicles
- Printing Equipment

All fixed rate business.

Write Box H8673 Financial Times, One Southwark Bridge, London SE1 9HL

INVESTMENT OPPORTUNITY TO PURCHASE U.K. RESIDENTIAL PROPERTIES AT APPROXIMATELY 50% BELOW CURRENT MARKET VALUE

We have hundreds of elderly homeowners wishing to sell their property in return for a life time rent free tenancy. This opportunity would interest investors/investors with £1 million or more to invest.

Write Box H8125, Financial Times, One Southwark Bridge, LONDON, SE1 9HL

German Insurance Broker

Is interested in cooperating with a large or middle sized British Insurance broker. The German broker firm was founded in 1921 and is located in 3 main cities of Germany: Berlin - Hamburg - and now in Erfurt/formerly GDR. The yearly income is about 2.5 million German Marks. The clients are high level industrial clients and also middle sized and small industries.

Please contact: Mr. Lucius Mahring/Germany 48 D-1000 Berlin 61 Germany.

AN EXCEPTIONAL BUSINESS OPPORTUNITY

Three ambitious, self motivated people to join top financial services team with one of the industries key players - exceptional business opportunity - Bristol. Interested?

Phone Stephen Price on (0272) 290230

Steel Fabrication Company for sale

Modern well equipped engineering company involved in Steel Fabrication/Structural Iron Work covering East Anglian Region seeks buyer. Site available as freehold or leasehold. Turnover approximately £1,000,000 per annum.

Write Box H8677, Financial Times, One Southwark Bridge, London SE1 9HL

OBTAIN CASH AND RETAIN YOUR PROPERTY?

Sell and lease back your commercial property with the option to re-purchase after 5 years and obtain significant cash flow advantages.

Please write Box H8676, Financial Times, One Southwark Bridge, LONDON SE1 9HL. Fax No 071 251 4973.

A FEW FACTS ABOUT US

- Fifteen years of know-how and product branding in ladieswear
- An annual turnover of circa £28 million
- A blue chip customer base
- For the last three years our business has been exposed to the sharp end of the recession... finally, the market is picking up
- We have just cut costs by £700,000 per annum...
- Further actions are on-going
- Our medium-term aim is 10% NPBT on turnover
- We need equity to replace debt

OUR VIEW OF YOU

Have you between £1.5 - 2 million available? Are you interested in a minority (but, definitely not silent) share of the action? Do you mean business?

Then, write to Box H8657, Financial Times, One Southwark Bridge, London SE1 9HL

NEW BUSINESS

If your company is seeking new products, processes or technologies for profitable international exploitation then our specialist services in international technology based business development are geared to your needs. New product and technology search and market analysis undertaken in a wide variety of industries and covering especially Japan, Europe and North America through our regular direct visits programme to evaluate prospects.

We have a successful record with clients and full details are available from: Dr Derek A. Newton, Director, SITA TECHNOLOGIES LTD, 18 Arlington Avenue, Leamington Spa, Warwickshire, England. Tel: 0293 322229 Fax: 0293 322229

Regus

IMMEDIATELY AVAILABLE FULLY STAFFED AND EQUIPPED OFFICES

Full London - Amsterdam - Brussels - Madrid - New York - Washington D.C. - Philadelphia - Seattle - Copenhagen

Secretarial assistance Meeting room facilities Answering service Prestigious locations.

TELEPHONE: LONDON 071-753 2828 USA Toll Free 800 776 8330

JOINT VENTURE OPPORTUNITY

Experienced Management Team with first class office accommodation, communications, and support staff is looking for opportunity to participate in business start-up. We can provide resources that you need to create a dynamic organisation.

Write Box H8670, Financial Times, One Southwark Bridge, London SE1 9HL

SPECIALIST TOUR OPERATOR

(Turnover £10 million) is looking to expand its (full potential) and recruit an equity investor. Consideration will be given to an investor with or without personal funds.

Write to H8668, Financial Times, One Southwark Bridge, London SE1 9HL.

Knight Frank & Rutley INTERNATIONAL

Proposed golf course at Bletchingley, Surrey

5 minutes from Junction 6 on M25

Founder members sought

(AURMUT070727)

London: 071-629 5171 20 Hanover Square, London W1R 0AH

RECENTLY ESTABLISHED MANUFACTURING COMPANY

of domestic/commercial painted products with excellent UK and overseas sales potential already proven and has achieved independent recognition for its products. The company is seeking a motivated and experienced sales manager to take responsibility for the product.

Write to Box H8671, Financial Times, One Southwark Bridge, London SE1 9HL

CHANNEL ISLANDS

Offshore Company Formation and Administration. Also Liberia, Panama & Cayman Islands. Total offshore facilities and services. For details and appointment write: Cyp Trust Ltd, Reform House, Belmont Rd, St Helier, Jersey, J.K. Tel: 034 78774, Fax: 034 354611 Telex: 412222 CYPRAL C

£2 MILLION IN 42 MONTHS OUT 3 YEAR TURNAROUND PRINCIPALS ONLY

TELEPHONE: MARK EDWARDS ON 081-954 9546

MORTGAGE PORTFOLIO

Second Mortgage Portfolio of around £0.5 million. Balance is outstanding for sale.

Enquiries to Box H8657 Financial Times, One Southwark Bridge, London SE1 9HL

NEW COMPANY

close Sharnbrook Airport, with experienced self-commodities/foodstuffs traders, ready to become your U.K. agents for import/export distribution, etc.

Please write Box H8669, Financial Times, One Southwark Bridge, London SE1 9HL

GERMAN BUSINESSMAN OFFERS

interesting career in distribution in several European and overseas countries.

Write to FO Box 1603, 7800 Pfaffers, Germany.

BUSINESS SERVICES

DOES THE U.S. MARKET INTEREST YOU?

Talented project management team will assist with short or long term U.S./U.K. ventures.

Keep your administrative costs to a minimum by letting us help you with:

- Market Analysis & Development
- Strategic Planning
- Import Export
- Sourcing
- Competitive Assessments
- Warehousing
- Distribution Systems
- Joint Venture Training
- Product and Service Marketing to U.S. Defense Dept.

WE ALSO SPECIALIZE IN TURNAROUND SITUATIONS

U.K. meetings now being arranged for 3-21 June

LANNEX

25 Edridge Street, PO Box 647, Mt. Clemens, MI 48046 Tel: 313 468 3010 Fax: 313 468 0176

Chairman of Construction Company

British, recently retired, fluent in French and Arabic. Has personal contacts with the ruling families of Arabia and Malaysia. Can introduce international contractors to companies in this field and also act as negotiator and consultant. 35 years experience in worldwide construction projects.

All enquiries to: Collins & Snow, National Westminster Bank Chambers, 143 High Street, Bromley, Kent, BR1 1JG. For the attention of Mr Shaw.

BERKELEY SQUARE

W1

Immediately available. Prestigious office/meeting room, overlooking Berkeley Square. Suitable for three executives £2,250 per 4 weeks.

- Professional Receptionists/Secretaries
- Superb Boardroom
- Dedicated Telephone Lines
- Banqueting facilities

Please contact: Nightingale Secretarial 3 Berkeley Square, London W1X 8AG Tel: 071 629 6116 Fax: 071 491 4811

Montreux VEVEY

Your Place of Business.

For a copy of our introductory brochure "Premier Contact", write or call: Michael A. Gether, Regional Account Controller, P.O. Box 122, CH-1820 Montreux, 1 Tel: (+41-21) (021) 963 48 48 Fax: (+41-21) (021) 963 90 00

ADVISOR LATIN AMERICAN INVESTMENT PRIVATIZATION

Washington-based strategy/consultancy close to current developments, key personnel & institutions 20 and 30+ years experience with Western Hemisphere business and investment. Services & creative protection of investment.

Private Box 202 776 3063 AMELK

DIRECT MAIL, LEADS & SERVICES

ready-made data immediately available. Suppliers to leading UK companies. Free catalogues, Market-research, Prospect, Chatter, Results. Tel: 0800 787771

LAWYERS, LEGAL and translation services provided by German law firm. Please contact: Dr. Gerdewitz 7280727

POACHING TURNED GAME Keeper will sell your highest turnover's investment. No money down. Add for our business class brochure. London SE1 9HL

CASH FLOW PROBLEM?

Thinking of checking it? Then don't! Maybe we can help, write to: Royman Finance and Leasing Ltd, Richard House, 30-32 Mortimer Street, London W1P 7BA Telephone: 071 580 8577 Fax: 071 631 3412

HOTELS & LICENSED PREMISES

PUB COMPANIES AND OPERATORS

For a day later management available to buy Home Counties on an emergency or continuing basis. Serv: Tel: 061 565 5001 Fax: 01-68 2554

SALES & EXPORTATION of Public Houses - Single Units or Groups. Contact: J. Walsh C.M. Group Tel: (0723) 882110 Fax: (0723) 366675

NEW FAIRLINE 43

Best value available for special events and entertaining. Tailored catering packages to suit. Up to 12 in party. Either single day or 12 or longer. Based on the South Coast. Still available for Cowes week and Cowes/Corwen/Cowes. Details: 0752 709991.

EXECUTIVE EDUCATION

LANGUAGE TRAINING

Learn the language on location. Short term courses in French, German, Spanish, Italian & Portuguese. All year. All levels. Immersion is the best way. Ask for our business class brochure.

Tel: 081 686 234, Euro-Academy Ltd (071) 776 0000, Croydon CRO 1LD, AFTA 61010.

BUSINESSES FOR SALE

**Touche
Ross**

Interscan Communication Systems Limited

(In Administrative Receivership)

The Joint Administrative Receivers, R. A. Powdrill and N. G. Atkinson, offer for sale the business and assets of the above company which is engaged in the sale, rental, distribution and servicing of facsimile machines.

- Turnover approximately £7 million per annum.
- Over 2,500 accounts with significant penetration of top 100 PLCs.
- Installed base in excess of 10,000 facsimile machines.
- A main distributor for Panasonic and Murata.
- Nationwide maintenance force.
- Leasehold premises based in London and Slough.

For further information and sales brochure contact Martin Knight at Slough (0753 696611). Alternatively contact the Joint Administrative Receiver, R. A. Powdrill at the address below.

Priny Court, 65 Crutched Friars, London EC3N 2NP
Tel: 071 936 3000. Fax: 071 480 6891.

KPMG Peat Marwick Corporate Recovery

Powergrind Limited Glas-Tech Supplies Limited

The Joint Administrative Receivers offer for sale, as going concerns, the businesses and assets of Powergrind Limited and Glas-Tech Supplies Limited.

The businesses, based in High Wycombe, Buckinghamshire, have been established for many years and manufacture and service their own range of glass cutting and grinding machinery.

Salient features include:

- Annual turnover in excess of £3 million
- Modern leasehold premises
- Plant and machinery
- Stock and work in progress
- Designs
- Substantial order book.

For further information contact the Joint Administrative Receiver, Tony Thompson, KPMG Peat Marwick McLintock, Aquila Court, 31 Fishpool Street, St Albans, Hertfordshire AL3 4RF. Tel: 0727 43000. Fax: 0727 41005.

KPMG Peat Marwick Corporate Recovery

Business Centre, Warehouse and Industrial Property

The Administrative Receivers offer for sale the business and assets of Sington Holdings Limited and Sington House Limited.

- Basingstoke's leading business centre
- 26,000 square feet of offices - 50% let
- 40,000 square feet of industrial-warehousing - fully let
- Prominent site of approx. 2.72 acres
- Substantial income stream

For further details please contact Jason

Ellis, Administrative Receiver, Ernst & Young, Apex Plaza, Reading, Berkshire RG1 1YE. Telephone: 0734 500671. Fax: 0734 507744.

ERNST & YOUNG

Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

Office Suppliers

Milton Keynes

The Joint Administrative Receivers offer for sale the business and assets of Buckingham Office Supplies Ltd.

Principal features include:

- Freehold premises - Bletchley, Milton Keynes.
- Stock of office supplies.
- Fixtures and fittings.

For further information contact the Joint Administrative Receiver, Myles Hallett, KPMG Peat Marwick McLintock, Peat House, 1 Waterloo Way, Leicester LE1 6LP. Tel: (0533) 471122. Fax: (0533) 547828.

KPMG Peat Marwick Corporate Recovery

SPAIN

For direct sale:
Well Known Exclusive Hotel
near Gibraltar.

46 Bedrooms, superb location adjacent to famous golf course, large landscaped grounds with further development potential. Contact the Management Co.

Tel: (44) 71 872 5665, Fax: (44) 71 730 2477, Telex 9413485

Company selling a proven electric golf trolley with unique patent protected features, capable of further exploitation, wishes to diversify this activity.

The product, with historical sales of £375,000 p.a., should appeal to a manufacturer with spare capacity and a need for new product lines. Significant export sales potential.

Principals only, contact Pomeroy, Arthur & Co. Ltd., Reference AC. Tel: (0480) 65322. Fax: (0480) 61221

Advance Computer Facilities Management Ltd.

The Joint Administrative Receivers offer for sale the business and assets of Advance Computer Facilities Management Ltd. as a going concern.

The company trades as a dealer for manufacturers of computer equipment and software and providing associated services. Principal features include:

- Annual turnover of £3.4m
- Skilled workforce.
- Established customer base.
- Leasehold premises.
- Ongoing contracts and orders.

For further information contact the Joint Administrative Receiver, Myles Hallett at KPMG Peat Marwick McLintock, Peat House, 1 Waterloo Way, Leicester LE1 6LP. Tel: 0533 471122. Fax: 0533 547828.

KPMG Peat Marwick Corporate Recovery

Euroscan Reproductions Limited

(In Receivership)

Eurographics Midland Graphic Services

Nottingham

The above company offers complete pre-press reprographic services with a reputable trading history:

- Freehold premises x 2
- Annual turnover £3m
- Skilled workforce
- Prestigious customer base
- Large order intake
- Modern and extensive plant
- Trading profitably

For further details please contact the Joint Administrative Receiver:

Richard Betts, Grant Thornton, 30 Houndgate Nottingham NG1 7DE. Tel: 0602 483483. Fax: 0602 476791.

Grant Thornton

The U.K. member firm of Grant Thornton International. Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

SALES AND INSTALLATION OF BUSINESS COMMUNICATIONS SYSTEMS

Established business with sales of £1.5m. Owned by working directors seeking growth by merger, acquisition or sale with continued involvement. Head office location - Thames Valley.

Please write Box H8577, Financial Times, One Southwark Bridge, London SE1 9HL.

NEW BABY CARE PRODUCT

USP product. Fully automated production. Current turnover to blue chip grocery and pharmaceutical multiples £350,000 p.a. including own labels. Eighteen months since start up. Very good potential in Europe.

OFFERS AROUND £350,000
Plus stocks and WIP.

Write Box H8658 Financial Times, One Southwark Bridge, London SE1 9HL.

Benzole Homes Ltd

(In Receivership)

Sutton-on-Sea Lincolnshire

This freehold residential site is in three phases of approximately 13 acres and is available as a whole or in three separate lots. Work in progress includes:

- 7 completed and unsold detached properties
- 28 part built detached properties
- Significant infrastructure

Norfolk Crescent London W2

- Long leasehold of an end terrace house offering six bedrooms, three bathrooms with full vacant possession.

For further details contact the Joint Administrative Receiver:

Maurice C Withall, Grant Thornton, Grant Thornton House, Melton Street, Euston Square, London NW1 2EP. Tel: 071 383 5100. Fax: 071 383 4077.

Grant Thornton

The U.K. member firm of Grant Thornton International. Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

Westerly Yachts Limited

(In Administrative Receivership)

The administrative receivers offer for sale the business and assets of Westerly Yachts Limited.

Features include:

- Freehold and leasehold premises in Watlington and surrounding area.
- Sales offices at Hamble and Ipswich.
- Freehold repair yard with extensive water frontage in Gosport.
- Range of 11 sailing yachts from 29ft to 48ft with moulds and production facilities.
- Similar facilities for 43ft and 46ft fast motor yachts.

For further information please contact: PS Padmore FCA, Joint Administrative Receiver, Price Waterhouse, The Quay, 30 Channel Way, Ocean Village, Southampton, Hants SO1 1XF. Tel: 0703 330077. Fax: 0703 236252.

Price Waterhouse

0898
CHATLINE.

Huge Profits
Being Made.

Full Info
021 233 9720(24hrs).

COSMETICS BRAND NAME FOR SALE

Well known and established range of skin care and colour products currently selling to wide market. Sales of £150,000 p.a. at 70% G.P. Offers around £100,000 for Stock, Name, Goodwill and all intellectual property rights.

Please write to Box H8666, Financial Times, One Southwark Bridge, London SE1 9HL.

Offered for sale by the Joint Administrative Receivers

(In Receivership)

- Bespoke manufacturers and installers of fitted bedroom units for 29 years.
- Current turnover approx £4.8m
- Leasehold offices and factory in East London with 14 showrooms and 6 franchise outlets in South England.

For further information apply to Mr G.D. Brettell or Mr C.J. Hughes of Cork Gully, Shelley House, 3 Noble Street, London EC2V 7DQ. Tel: 071 808 7700. Fax: 071 808 9887.

Cork Gully is authorised in the name of Chappin & Lyford, Solicitors by the Institute of Chartered Accountants in England and Wales to carry on investment business.

Cork Gully

The Northern Counties Motor and Engineering Company Limited

(In Administration)

Pemberton, Wigan

The above company's main activity is the manufacture of double and single deck bus bodies.

- 5 acre freehold premises
- Comprehensive workshop facilities including overhead crane
- Annual turnover circa £8 million
- Highly skilled workforce

For further details contact the Joint Administrators:

Allan Griffiths or Malcolm B Shierson, Grant Thornton, Heron House, Albert Square, Manchester M2 5HD. Tel: 061 834 5414. Fax: 061 832 6042.

Grant Thornton

The U.K. member firm of Grant Thornton International. Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

**THE BUSINESS
SECTION ALSO
APPEARS ON
PAGE 4 TODAY**

OLD ESTABLISHED

Photocopy Printing Company in Central London. Extensive range of equipment for black/white and colour reproduction.

T/O £205,000. Price £450,000 inclusive. Annual income available. Principals only.

Please apply to Box No: H8669 Financial Times, One Southwark Bridge, London SE1 9HL.

Plastics Distribution Business

U.K. based distributor of thermoplastic raw materials to an extensive customer base. First quality principals in both commodity and engineering polymers. T/O £20 million. Well established and well respected management team.

Write Box H8678, Financial Times, One Southwark Bridge, London SE1 9HL.

Swiss Financial Company For Sale

Write Box 1077, CH 1001 LAUSANNE, Switzerland

A RARE INVESTMENT OPPORTUNITY.

Recently refurbished 5 luxury apartments with vacant position close to London. Excellent investment opportunity. Annual income available. Principals only.

Tel: 093 846633, 5 Sandown Road, Great Yarmouth.

LEASE ON BATH STONE MINE

FOR SALE

Write Box H8659, Financial Times, One Southwark Bridge, London SE1 9HL.

HOTELS AND LEISURE TROUBLESHOOTERS

Hotels (Buying and Selling) Leases, franchises, management, financing, refinancing and marketing. Let professionals solve your problems. Contact us on Tel: 071-323 4233, Fax: 071-436 1055.



Rare opportunity to purchase quality hotel at a remarkable price. Fully accredited 4 star hotel with 52 suites. Several bars, Sea Terrace Restaurant and extensive conference facilities. Excellent opportunity to acquire quality undertraded business.

Offers over £2,000,000

Contact Patrick Ryan,

Corporate and Acquisition Division, London Office. Tel: 071-799 2121. Fax: 071-222 0081

CHRISTIE & CO
CORPORATE & ACQUISITION

Banmoor Masonry Limited

Marble and Granite Cutting and Fixing Business.

The joint administrative receivers of Banmoor Masonry Limited are seeking offers for its business and assets. The key features of the business are:

- Importer, processor, supplier and fixer of marble and granite.
- Annual turnover of £6m.
- Freehold property: 5.4 acres at Redditch.
- Fully equipped cutting and polishing facility; 26,000 sq ft.
- Offices: 6,000 sq ft.
- Skilled workforce of 70.

Enquiries should be directed to: Alan Jamieson or Mike Bury at Price Waterhouse, Albany House, 58 Albany Street, Edinburgh EH1 3QR. Tel: (031) 557 9900. Fax: (031) 225 5352.

Price Waterhouse

On the Instructions of the Receiver

HOTEL FOR SALE

THE COMBES HOTEL
WOOLACOMBE

- Excellent development opportunity/leisure hotel
- 91 bedrooms
- Leisure facilities

Grinley, R & L

0272-277778

NURSING HOME GROUPS
AND
HOSPITAL SITES

Telephone
Keith Tompkins
081 464 6585

UPVC CONSERVATORY/ WINDOW MANUFACTURERS

1994 to 220m. Central Southern England. Long established company 30 years. New factory 10,000 sq ft. 140 acres with good sales and trade contract and domestic.

Contact: Chris Europe Limited
Tel: 071 287 2879. Fax: 071 287 2515

ARTS

Cosi fan tutte

GLYNDEBOURNE

There seem to be two productions going on in the new Glyndebourne *Così fan tutte* (sponsored by Castrol UK Ltd). One is pure surface-chic, often worryingly silly, always severely limited in its vision of what is, after all, perhaps the most perplexing of all operatic comedies. The other shows flashes of real depth, tenderness, observant insight into the turbulent emotional drama seething within the comedy-of-manners structure.

The trouble is that the former production constrains and contains the latter, that's why Friday's performance, for all its not inconsiderable virtues, remained so peculiarly unsatisfying.

Trevor Nunn and his designer, Maria Bjornson, have hit on a new setting. The house overlooking the Bay of Naples becomes the pre-First World War luxury liner *Napoli*; the two young couples, attended by respectively a bearded middle-aged servant and a sassy ladies' maid, are off on a holiday cruise.

Bright idea! The overture accompanies a frenzied dumb-show of scene-setting, in which little arrival vignettes and embarkation cameos are introduced at the rate of a mile a minute. This is Trevor Nunn in West End Musical mood, turning *Così fan tutte* into *Sail Away, Dames at Sea*, and every other shipboard-romance show that ever was.

It's not, I insist, snobbery that made me flinch. This is an exercise in smart-alec ingenuity, designed to indulge a well-heeled audience in a feeling of in-group complicity with the doings on stage; Bjornson's designs, which often cramp the available acting space, and costumes are at once wonderfully inventive and horribly self-indulgent.

But that's only an irritation. The serious problem is that the visual embellishments and hordes of extras contrive to tell us at an absurdly early stage (and in a way that is far more effective than we want to know) that the producer strains ever more desperately

to fit the plot and its necessary appearances into the *Napoli* setting.

It's equally not, I insist again, prey-minded pedantry that made me resent the feebleness of the necessary glosses on the plot. Would the two young men be taken off a cruise ship for military duty? Would they sneak aboard again? Would they ever? If one cannot believe in the rigorous internal logic of a comedy libretto, the whole plot unravels into loose ends.

It's not a question of mind-reading that, when the Da Ponte's text (given absolutely complete, with subtitles) says "trees" or "next room", the staging larkily fudges the issue. It's a question of the frame not holding the picture and the picture slipping within.

And yet, in spite of such overwhelming odds, some *Così* depths are sounded. The young men (Kurt Streit and Jake Gartner) behave, physically and emotionally, just like friends; the young women (Amanda Rocco and Suzanne Johnston) look and act more like sisters than any other I have seen.

The moment of panic that touches all four as the picture begins to go out of control registers with beautifully succinct expressiveness in each case - Miss Rocco's "Per pietà", is a key example, finely directed and touching executed, as well as impressively sung.

The mature plot-masters, Lottos (Claudio Desderi and Gianna Rolandi), less bitterly played than has recently been the fashion, are excellently well taken, though Miss Rolandi's voice sounds hard-worn and Mr Desderi's somewhat mannered in usage.

These moments are, in the end, swamped, yet not easily forgotten. They lead me to hope that, next time Trevor Nunn tackles this opera, he will find the confidence to do it plain, without offering decorative aids to the audience.

Meanwhile, this is not a negligible production, only a deeply disappointing one. It is full of fresh young talent -

notably the extraordinarily promising, if still not "finished" Amanda Rocco (she now needs to focus her low register); the sensual, sparky Suzanne Johnston, a young Australian of abundant charm (and weak Italian); and Kurt Streit, the nonpareil Mozartian of the evening, a Ferrando who combines suppleness with stamina and light, strong, beautiful tone.

It also has Simon Battle and the Orchestra of the Age of Enlightenment. They are last year's *Figaro* team; this year, because of the raised pit level, they sound as if in the best way they had always been Glyndebourne's Mozart musicians.

The see-through beauty of the "period" instruments and the rarer both strength and sensibility - and even a slight excess of those more chesty harks than are really needed, but also so many assiduous subtleties that one grew inured to them. Miss Kuhlmann is a natural heroine of classical tragedy, invincibly dignified; instead of Carmen's mischief and gypsy directness, we get baleful gravity and lofty scorn - vinegary, though rather impressive. The other women, surely under-directed, included a simple, clear-voiced, understated Miss Johnston, who promises more, and Yvonne Howard's sound

Mercedes. The young Soviet tenor Sergei Larin studied French before taking up music, and that showed to advantage; unlike any of his compatriots in recent years, he can sing and speak the language creditably. His Doo José was plump, innocent and worried, often touching. He delivered the "Flower Song" with sweet Italianate sincerity. In the last act, his ruined person was shame-faced rather than dangerous; obeying Miss Esprit's instructions for the murder, committed not with a knife but with a long rope, he looked apologetic. In later revivals, I think this *trouille* should be wished only upon tenors with a convincingly nasty streak.

David Murray

Max Loppert

By Saturday, when Nuria Espert's new Carmen production reached the end of its first run at the Royal Opera, it had acquired a new conductor and several new singers. The former was Barry Wordsworth, who led a forced, hectic Prelude and then a rushed, but decent efficiency. (The Quintet was neither fast enough nor sparkling, but perhaps the tempo was inherited from his predecessor Zubin Mehta.) As the original reports said, Miss Espert's crowd-handling is unexpectedly good. The chorus looked at home only in Lillas Pastia's inn, which Gerardo Vera has made into a stately parlor; advance booking



Like sisters: Amanda Rocco and Suzanne Johnston

'Cleopatra': red chalk, late 1630s, by Guercino

A draughtsman's legacy

Susan Moore visits the exhibition of Guercino drawings at the British Museum

The 400th anniversary celebrations of the birth of Giovanni Francesco Barbieri - nicknamed Guercino or "squint-eye" for obvious reasons - began early with an exhibition of Guercino in France at the Louvre last May and will culminate in a major retrospective in Bologna in September. Next month the National Gallery will show some 27 paintings from British collections; the British Museum's contribution is a substantial drawings show of over 200 sheets (until August 18) that fuels the debate over his relative merits with brush or pen.

Guercino was the most prolific draughtsman of 17th century Italy, and one of the most admired artists in 18th century Britain. As a result, the bulk of the vast corpus of his workshop drawings passed from his heirs' into the Royal Collection alone.

Thanks mainly to the energies of the scholar and collector Sir Denis Mahon over the last 40 years, he has become once more one of the most widely discussed artists of the century.

A serious monographic drawings show - and this one, along with its catalogue (British Museum Publications £25, during the exhibition, £19.95) is exemplary - has two responsibilities to its subject. It must represent the artist as a draughtsman, and reveal something of the relationship between the preparatory drawings and the finished work.

The compositions Guercino initially conceived for a painting are invariably far more experimental, daring and visually exciting than the those he finally adopted.

Guercino appears to have been an instinctive draughtsman, freely jotting down what he saw of life around him. His is a distinctive drawing style, one of the most easily recognisable and appealing of any Old Master.

In early sheets he exploits

the breadth of black and sometimes oiled charcoal over coarse paper for bold chiaroscuro effects, daring to leave large areas of untouched paper for pure highlight. His handling of the infinitely more subtle medium of red chalk is masterly too; note the Aurora for the frescoes in the papal Casino Ludovisi, the highly finished studies of infants and putti. *Cleopatra* is no more ravishing than the two humble women conversing.

It is, however, in his use of pure line in pen and ink that Guercino is most remarkable. His free, calligraphic notation of hoops and loops and hatching is as vital and expressive as it is economical. It is a draughtsman's shorthand, but mass and form, light and drama are suggested in even the most cursory sketches. The pen is pressed "harder" for emphasis, line or feature, effective blocks of wash inform us of the direction of light without detailing how that light might fall.

Thanks to the artist's desire to keep his working drawings, it is possible to reconstruct Guercino's thoughts behind numerous compositions, and the show helps further by providing, wherever possible, photographs of the paintings. The series of Jael and Sisera, for instance, shows Guercino exploiting the possibilities of different moments of action: the crazed figure of Jael looming over the prostrate Sisera who writhes in agony under her blow; but he chooses to develop the more acceptable, less violent moment when Jael is poised to strike the first blow that will hammer the peg into the sleeping Sisera's head.

Similarly, there is a fascinating group for the Assassination of Amnon at the Feast of Absalom. In each, the servants have their daggers at the throat of Amnon who has dared to rape his half-brother's sister. In one version, Absalom is fleeing in horror from the murder he has

perpetrated; in another he looks on impressively. A third shows him gazing the assassin on. It is a timeless story of duplicity and revenge, and the artist gives his characters contemporary rather than biblical dress.

Guercino executed a few small landscapes in oil and tempera before he went to Rome in 1621, but does not seem to have painted landscapes, even as backgrounds, after his return to his native Cento two years later (where he seems happy to have played second fiddle to Guido Reni). Nonetheless, he continued to produce highly finished panoramic landscape drawings, perhaps purely for his own pleasure. Their faultless, sweeping pen strokes, lack of wash, and clever exploitation of white ground, suggest that they may have been intended for publication as prints - and that he may have been familiar with the etchings of Rembrandt.

There is a smattering of drawings from little known private collections and what will most surprise the layman, perhaps, is Guercino's fascination with everyday life and everyday folk. Here careful observation is transformed into pure caricature and fantasy.

Genre scenes show a tavern and baker's shop; near brutish peasants plucking and an open-air theatrical performance. A woman pulls out a young girl's tooth with a terrifying implement; in a gentler domestic vein, two girls lean over a fire to dry their hair. The humor is often lachrymose; a dog homes in on a street vendor's sores and soiled pants, and a man empties a chamber pot over the head of a kneeling soldier.

The show ends on such a note: a highly coverable caricature of the back of a line of four children, the tallest with an exaggerated long neck, the shortest with no neck at all, and one of the urchins turning round to scowl at the spectator.

Bath Festival

It would seem to signify a wry sense of humour on the part of festival organisers when they lay on a splendid fireworks display for the opening night and then transport their audience off to a concert in another city. Or perhaps it is the very diversity of events and venues that makes the Bath Festival what it is.

The theme of the programme this year is *Beyond Vienna*, as it is again at a number of other festivals. It is still possible to claim that the subject is timely in a political sense and there are obvious advantages to be had from it in festival planning. The musicians from Eastern Europe are keen to travel and, with a bit of persuasion, one can get local orchestras to be adventurous in their programmes to fit the chosen theme.

At the opening concert in Wells Cathedral did not disappoint. Liverpool Philharmonic Orchestra under its Czech Principal Conductor, Libor Pešek, did just that. They unearthed a symphonic poem by Josef Suk, called *Prague*. This describes the 1433 siege of Prague and is the occasion of a dog fight, a funeral and a strenuous fighting music, rather loosely put together, which do not show the lyrical Suk that we know from his chamber music to best advantage. But the

proud climax with organ and bells resounded splendidly.

In that respect it was a good choice, as the acoustic of cathedrals is invariably a problem for orchestral concerts. On this occasion the main work was Brahms's Violin Concerto and that did not fare nearly as well. It was a mistake not to put the soloist, Kyung-Wha Chung, on some kind of raised platform. We could hear her but not see her, like the Queen in Washington. And the tone of her solo violin was rendered too thin against the orchestra, supportive though Pešek and the RLO players were.

On Saturday morning the Hoguer Quartet did not disappoint. Any such difficulties in the elegant surroundings of the Guildhall in Bath. This young group is quickly becoming a familiar name in chamber music circles. To judge from the present programme of Mozart and Beethoven, might benefit at times from more youthful spirit, its Bartok from a harder intensity, but of the astonishing maturity of the playing there is no question.

The four young members have all the mastery of a fully-formed quartet. The main attraction of the festival's first weekend was provided by Nicholas Maw, its resident composer. The title does not unfortunately mean

that there will be a substantial survey of Maw's music. Apart from a pair of recitals to come from the Nash Ensemble, one of which will feature a revised version of his *Ghost Dance*, the only other event was the premiere of a Piano Trio at the University of Bath on Saturday evening.

That, though, was worth the billing. Essentially the trio is a traditional work, both as to form and content. In its bitter-sweet lyricism the music is very reminiscent of Maw's teacher, Lennox Berkeley. But it also widens its perspective to take in the quicksilver mystery of a fleeting scherzo and two impassioned outer sections.

Maw is expert in judging exactly how dense to make his ideas and where to place them for maximum effect. The work seemed to me to carry complete conviction and fully deserves to be taken up by other groups.

The Monticello Trio played it wholeheartedly after working hard in the dry acoustic of the University Hall to bring life to their Mozart and Shostakovich trios. For the rest the sun shined on the summer evening, and his players, who read his intentions with unerring sympathy, can now tap veins of playfulness and even ferocity which one might have thought outside their natural range.

Richard Fairman

Bruckner's Fifth

BARBICAN HALL

On Friday Amsterdam's Royal Concertgebouw Orchestra played gloriously for Riccardo Chailly in Bruckner's 5th (at Barbican Hall, 7.30 p.m.). Not in the Festival Hall, as predicted in error on this page last week, but at the Barbican, an even less welcoming acoustic for Bruckner, one might have thought - but the Concertgebouw (as we call them for short) the name is actually that of their concert-hall) were more than equal to the challenge. With their seasoned blend and their fabulous security - firm, unanimous, fluff-free - they projected the music without a hint of a raw edge and yet with full-blooded scope from the most delicate, speaking pianissimo to towering heights and breadths.

Since Chailly became their principal conductor, less than three years ago, he has devoted himself to the orchestra with a single-mindedness rare among modern star-conductors, who like to be perpetually on the wing. The fruits of the partnership were plain in this Bruckner. Chailly has acquired real authority in repertoire that few Italian conductors cultivate, and his players, who read his intentions with unerring sympathy, can now tap veins of playfulness and even ferocity which one might have thought outside their natural range.

Architecturally, Chailly reconstructed this huge symphony (an hour-and-a-half long, given here in the uncut original version) with an utterly sure hand, always maintaining a long-focus view of the music. The 23-minute first movement sounded pitifully coccie but deep, and masterfully argued. In the Adagio, Chailly illuminated the ambiguous rhythm of the main material to fascinating effect (and no loss of poignancy); for the noble second theme, the glowing texture of the Amsterdam strings realised a Brucknerian ideal.

Chailly's fresh insights into the Fifth were sharpened in the Scherzo. He not only enforced a stark contrast between the fluid, mercurial opening music and the stumpy *Andler*, but surprised us by dressing the latter in visionary hues, phosphenescent and elusive - as if to hint that the folk music material has a sophisticated role (which of course it does). The elaborate engineering of the Finale sounded self-conscious, as I think it does in any performance for all its imposing scale. It strikes me as none the less a grand academic-theatrical exercise than the inspired earlier movements. But it was grandly delivered and as memorable as the rest of the performance.

David Murray

INTERNATIONAL ARTS PREVIEW & EXHIBITIONS

BERLIN

MUSIC
Deutsche Oper 19.00 John Dew's production of *Faust*, with Neil Rosenheim in title role and Inga Nielsen as Marguerite. Tomorrow: Manon Lescaut. Thurs: *Aida* (3410 246)

SCHWESINGELTHEATRE 20.00 Fabio Luisi conducts Berlin Staatskapelle in music by Haydn, Stravinsky and Mahler, also tomorrow. Thurs: Justus Frantz plays Mozart (2004 762). Fri: Maxim Shostakovitch conducts Shostakovitch (3410 246) Philharmonie Kammerensemble 20.00 Gernot Schulz conducts Berlin Philharmonic Orchestra in music by Lutoslawski, Stravinsky, Mozart and Hindemith. Tomorrow, Thurs, Fri and Sat: Hartmut Haenchen conducts. Sun and next Mon: Claus Peter Flor brings the Berlin Symphony Orchestra on its first visit to the Philharmonie (2614 383)

DANCE
Komische Oper 19.30 Tom Schilling's production of *Cinderella*, music by Prokofiev. Tomorrow: *Carmen*. Thurs: *Idomeneo*. Fri: Die schwelgere Frau (2202 555) Theater des Westens 19.30 Ballet

of the Deutsche Oper in works by Hans van Manen, Roland Petit and Balanchine, also tomorrow and Thurs. Fri and Sat: three ballets by Christopher Bruce (3190 3199)

THEATRE
This week's repertory at the Berliner Ensemble includes Basil tonight and Heiner Müller's *Germania Tod in Berlin* on Fri (2827 712). The Deutsches Theater has Turgenev's *A Month in the Country*. Kleist's *The Broken Jug* and Goldoni's *The Servant of Two Masters* (2871 225). The Maxim Gorki Theater has a new production on Thurs of Shakespeare's *As You Like It* (2082 745). In the western part of the city, the Schiller Theater has Goethe's *Faust Part One* and a new production of *Amouill's The Orchestra* (5195 298)

CHICAGO

Orchestra Hall 19.30 Isaac Stern plays Beethoven's Violin Concerto with Chicago Symphony Orchestra conducted by Daniel Barenboim. Thurs, Fri and Sat: Barenboim conducts Bruckner's Fourth Symphony (435 6868)

LONDON

MUSIC
Covent Garden 19.30 Hildegard Behrens sings title role in *Tosca*, with Neil Shicoff as Cavaradossi and Samuel Ramey as Scarpia, also Fri, Tomorrow and Sat: David Bintley's new ballet *Cygnus*. Thurs: world premiere of new opera by Harrison Birtwistle (240 1065) Royal Festival Hall 19.30 Leonard Slatkin conducts Philharmonia Orchestra in Strauss's *Ein*

Heldenleben. Joan Tower's *Sequoia* and Mozart's Piano Concerto in E flat K271, with Emanuel Ax. Tomorrow: Kurt Sanderling conducts Los Angeles Philharmonic. Thurs: Slatkin conducts Vaughan Williams' Ninth Symphony (228 8800)

Queen Elizabeth Hall 19.45 Gordon Hunt plays Richard Strauss's *Oboe Concerto* with London Chamber Orchestra. Programs also include Wagner's *Siegfried Idyll* (928 8800)

Bartleby 19.45 Mark Wigglesworth conducts English Chamber Orchestra in world premiere of David Matthews' Fourth Symphony, plus music by Tippett, Britten and Richard Rodney Bennett. Thurs: Michael Tilson Thomas conducts closing gala of LSO Cheltenham Festival (858 8891)

Sadler's Wells 19.30 Opera 80 - season features Die Zauberflöte and Don Pasquale, sung in English. Runs till Sat (278 8916)

THEATRE

The National has Steven Pimlott's new production of *Molecular*. Thurs, Fri and Sat: Barenboim conducts Bruckner's Fourth Symphony (435 6868)

0836 430962

MADRID

Auditorio Nacional de Música 19.30 Riccardo Chailly conducts Royal Philharmonic Orchestra in Bruckner's Fifth Symphony (337 0100). The orchestra gives concerts in Barcelona tomorrow and Thurs

MUNICH

Staatsoper 19.00 Ulf Schirmer conducts Everdout production of Die Zauberflöte, with a cast including Alajandro Ramirez, John Brocheler and Theo Adam, also Thurs. Tomorrow: Boris Godunov (221316)

Philharmonie 20.00 Sergiu Celibidache conducts Munich Philharmonic Orchestra in a programme including Berg's Violin Concerto, with soloist Michael Erdleben. Repeated tomorrow (48098 614)

Prinzregententheater 19.30 Schiller's *Maria Stuart* directed by Theodor Däubler, also tomorrow. Thurs: Brecht's *The Good Person of Sezchuan* (225754)

NEW YORK

DANCE
Metropolitan Opera 20.00 American Ballet Theatre tripla bill including Jiri Kylian's *Sinfonietta*. Tomorrow: Twyla Tharp evening. Season runs till June 22 (352 6000)

New York State Theater 20.00 NY City Ballet in four works, including Balanchine's *Walpurgisnacht*. Ballet. Season runs till June 30 (870 5570)

MUSIC
Avery Fisher Hall 20.00

Schoenberg's Gurrelieder: Zubin Mehta conducts his final performance as music director of the New York Philharmonic Orchestra. Sun and next Mon: Itzhak Perlman and Daniel Barenboim conduct violin sonatas (743 2424)

THEATRE

There are no novelties on Broadway this week. Long-running shows include *The Secret Garden*, a musical based on the Frances Hodgson Burnett novel about an orphan who goes to live with her uncle on the moors and discovers a magic garden (St James Theater); Larry Gelbart's musical thriller *City of Angels* (Virginia); Neil Simon's Pulitzer Prize-winning play *Lost in Yonkers* (Richard Rodgers Theater); *Monster in a Box*, Spalding Gray's autobiographical monologue (Vivian Beaumont Theater); and *Six Degrees of Separation*, John Guare's play about a mugging victim who seeks refuge at a Manhattan dinner party. Ticketron (246 0102) answers inquiries and sells tickets

PARIS

Châtelet 20.00 John Eliot Gardiner conducts Lucis Pasqual's production of *Die Entführung aus dem Serail*, with Luba Orgonesova as Constanze, also Fri and Sun. Tomorrow at 12.45: Lynna Dawson sings Schumann, Duparc, Walton and Strauss. Tomorrow at 20.30: Anne Sofie von Otter sings Les Nuits d'Été. Thurs: Gardiner conducts Mozart (4028 2840)

Salle Pleyel 20.00 Murray Perahia plays Mozart, Brahms, Chopin and Beethoven. Tomorrow and Thurs:

Alain Lombard conducts *The Rite of Spring* (4561 0630)
Théâtre de la Ville 20.30 Jean Gaudin Company presents a new ballet, *La Dame aux Camélias*, with Luba Orgonesova as Constanze and Stefan Dahlberg as Balmonte. Also Thurs (248240)

ROME

Teatro dell'Opera 20.30 Katia Ricciarelli sings title role in Puccini's *Iphigénie en Tauride*, also Thurs and Sat. Tomorrow and Fri: Rigoletto with June Anderson and Leo Nucci (463641)

STOCKHOLM

Royal Opera 19.30 *Die Entführung aus dem Serail* sung in Swedish, with Lena Nordin as Constanze and Stefan Dahlberg as Balmonte. Also Thurs (248240)

Konserthuset 19.30 Young Swedish soloists join the Stockholm Philharmonic Orchestra for performances of Mendelssohn's Violin Concerto and Brahms' Second Piano Concerto. On Thurs, the programme is Walton's Cello Concerto and Rachmaninov's Third Piano Concerto. Entry is free

VIENNA

Staatsoper 19.00 Peter Schneider conducts *Die Zauberflöte* with Barbara Bonney as Pamina and Gosta Winbergh as Tamino. Tomorrow, Fri and Sun: ballet tripla bill. Thurs: *Idomeneo*. Sat: *Così fan tutte* (51444 2960)

Konzerthaus 19.30 Alban Berg Quartet plays string quartets by Mozart and Bartok. (7124 6880)

European Cable and Satellite Business TV

(all times CET)

MONDAY TO FRIDAY
Eurosport
0630-0630 International Business Report
0630-0630 Moneyline
0630-0630 Moneyline
1230-1300 CNN Market Watch
1300-1400 Business Today - a joint FT/CNN production with a review of the day's major business stories
2000-2030 World Business Today
0100-0130 Moneyline
0700-0830 Financial Times Business Report

A five minute business briefing broadcast three times between 0700 and 0800

2220 - 2230 (Wed) Financial Times Business Weekly - the latest round-up of business news with James Bellini and Debbie Middleton
0830 & 2030 (Thurs) Financial Times Business Weekly
1200 International Business Report
2130 (Thurs) Financial Times Business Weekly

SATURDAY
CNN
0630-0830 Moneyline
0830-0830 World Business Today - a joint FT/CNN production
1540-1610 Moneyweek
1900-1930 World Business This Week
2110-2140 Your Money

SUNDAY
Supersatellite
1800-1830 FT Business Weekly
1930-2000 FT Business Weekly
2030-2030 FT Business Weekly
Sky News
1030-1100 FT Business Weekly
0710-0740 Moneyweek
1540-1610 Your Money
1900-1930 World Business This Week
0040-0110 Inside Business

FINANCIAL TIMES

NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL
Telephone: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Tuesday May 28 1991

Soviet reform and the west

THE SOVIET economy is in virtual free fall. Gross domestic product is likely to drop by about 20 per cent this year after an unofficially-estimated 10 per cent decline in 1990. The budget deficit is out of control and the country is on the brink of hyperinflation. President Mikhail Gorbachev's lurch back to the conservative left last autumn and the half-hearted economic "reforms" carried out by Prime Minister Valentin Pavlov have, as widely predicted, carried the country further down a blind alley.

Yet, less than nine months after Mr Gorbachev rejected the so-called 500-day economic reform programme associated with Mr Stanislav Shatalin, Mr Grigori Yavlinski and other reform economists, he appears to have accepted their argument that there is no alternative to radical, market-orientated reforms.

Mr Yavlinski is at Harvard putting the final touches to a revised economic programme. It is designed to convince a sceptical west that this time the intention to reform is serious. Meanwhile, Mr Gorbachev is sending for an invitation to the G7 summit in London to seek large-scale western financing. In Moscow he is mentioned as \$100bn, roughly in line with the \$20bn to \$30bn a year suggested by Professor Jeffrey Sachs of Harvard.

As President George Bush has often observed, "a hundred billion is still a large piece of change." Advocates of large scale aid say it is a bargain compared to what the west is collectively saving, thanks to the end of the Cold War, and a good investment if it can head the moribund Soviet economy in a market-orientated and democratic direction.

False starts

Things are not as simple as that. Writing economic programmes is the easy part. Turning words into deeds is infinitely more difficult. There have been many false starts over the last six years. Mr Gorbachev still calls himself a socialist and a Leninist. The military-industrial complex still absorbs an absurd proportion of the country's resources. The KGB and the communist party still wield enormous

power. The country still lacks democratic political institutions capable of demanding the sorts of sacrifices that Polish and east European experience has shown will be required.

Yet grounds for cautious optimism do exist. Last month's agreement between President Gorbachev and leaders of nine of the 15 Soviet republics could mark a milestone in the search for a looser, more federal system. Next month's presidential election in the Russian Federation could be the forerunner of popularly-elected republican government throughout this unwieldy empire.

Begging bowl

As things stand, however, there is little point in throwing dollars at a still largely unconstructed Soviet Union. Consequently it would be premature to invite Mr Gorbachev to turn up with his begging bowl at the G7 meeting in July.

What is first needed is careful scrutiny of the Yavlinski programme, followed by serious negotiations. The west must make clear its preconditions for assistance, in detail, as well as agreeing what kind of assistance it can best offer.

The broad aim must be to help the Soviet Union look after itself. This does not mean, for example, providing dollars to finance a budget deficit caused by incompetence and political weakness. It may mean providing some backing for currency convertibility. It does mean willingness to send IMF, World Bank and other experts to transfer the technical, financial, legal, accounting and other skills required to build and operate the fundamental institutions of market style economies. It also means willingness to help organise a large scale privatisation programme and improvements in the efficiency of key export sectors, like the oil industry.

Yet the Soviet Union, a country with large gold reserves, rich natural and human resources and a bloated military economy, is far from an obvious candidate for western charity. For geo-political reasons, the west may eventually be right to decide to help. But only if it is first absolutely clear that the Soviet Union intends to help itself.

Capping the utilities

WHEN IS regulation by the "retail price index minus X" just like that by the rate of return? Answer: when the regulator is the director-general of the Office of Water Services (Ofwat). This is the obvious response to last week's warning letter from Mr Ian Byatt on the profits and dividends of the water companies. But it would also be a gift one. The truth - not merely to the case of water but also in those of BT, which last week reported profits of over £3bn, and British Gas, which has accepted a tighter cap on prices - is more complex and more significant.

The most important advantage of the privatisation of public utilities has been increased transparency. No longer can these behemoths hide their inefficiency and indifference behind the cloak of the "public interest". But the increased transparency has also demonstrated that the pursuit of privatisation by the government was excessively generous to shareholders, at the expense of consumers.

To their credit, the regulators are trying to overcome the legacy they inherited. The formula bequeathed to Sir Bryan Carsberg, director-general of the Office of Telecommunications (OfTel), was RPI minus 3 percentage points. In 1989 he shifted this to RPI minus 4 percentage points and now, with the belated inclusion of international calls, he has turned it into RPI minus 6 percentage points.

Similarly, Mr James McKinnon, director-general of the office of gas supply (Ofgas), has persuaded British Gas to shift from RPI minus 2 percentage points to RPI minus 5 percentage points. In addition, British Gas will no longer be able to pass through the cost of North Sea gas automatically.

K factor

Mr Byatt's warning, along with his plans to issue a consultative document on the cost of capital this summer, suggests that the review of the price formulae for the water industry, due in 1994, will be at least as tough. He also has the right to make interim adjustments to the formula for the pass through of investment costs (known as the "K factor") and apparently intends to use

it, where appropriate.

Four further changes to regulatory control over prices now suggest themselves.

First, why should a price index that includes mortgage interest rates, the community charge and value added tax say anything useful about the prices of "phone calls, gas, water or electricity"? BT, for example, is benefiting from price increases whose rationale was the 9.9 per cent headline rate of inflation of last June. The best solution might be a comparatively modified RPI. A second best would be to use the index of producer prices.

Meaningless figures

Second, regulation should never be carried out on the basis of historic cost accounts. Resources and a bloated military economy, is far from an obvious candidate for western charity. For geo-political reasons, the west may eventually be right to decide to help. But only if it is first absolutely clear that the Soviet Union intends to help itself.

Third, the best approach to price regulation is via a medium-term price cap. The resulting incentives for improvements in efficiency are among the most valuable features of the current British regulatory regime. But that cap must be set in the light of what is thought to be a reasonable long run target rate of return. This target should be analysed publicly during the periodic reviews of the price formulae.

Finally, regulators have been too inclined towards agreements behind closed doors. OfTel, for example, has been criticised for allowing the shibboleth of "commercial confidentiality" to outweigh transparency in the current review of BT's connection charges. But a company like BT, which enjoys a quasi-monopoly but has a limited right to confidentiality.

Competition wherever possible; regulation wherever necessary. That must be the motto. But where regulation is needed it needs to be tough. It was not tough enough to begin with. But the regulators have been learning on the job. Without sacrificing the benefits of the new regulatory model, further improvements can be made. The Lightning over BT and water shows the way.

As dusk turns to night by Millwall Dock and the Daily Express presses prepare to roar, Mr Boh Voyce is reflecting on the discontent of the men who took his job. Mr Voyce, a former Sunday Times printer, laughs wryly at the idea of an industrial action ballot among Wapping print workers. "I won't be standing outside with them," he says.

Five years ago, Mr Rupert Murdoch's News International turned its back on 200 years of Fleet Street history and abandoned hot metal printing by moving to Wapping, east London. It cast aside the intricate pay scales, the long bouts of industrial disruption, the craft unions' obstinacy. It sacked 5,500 workers, and hired 850 new ones.

The first Wapping workers were recruited secretly through the Southampton branch of the EFTPU electricians' union. The EFTPU never gained recognition at Wapping, partly because of the outcry among other unions which had been recognised by News International at its plant around Fleet Street. The EFTPU held the ballot at Wapping as part of a recognition campaign.

Wapping devastated union power over newspapers, allowing managers to wake from a production nightmare. Fleet Street had come to exemplify British industry's failings: production plants where capital investment had ground to a halt, where managers had to bargain each night to get papers printed, and where unions maintained old-established demarcations.

Some left London altogether: the newly-established Independent printed at provincial plants, while the Mirror Group moved to Watford. But most tried to remake their past. Buoyed up by expanding sales and an advertising boom, they spent money from selling Fleet Street buildings on a grand industrial movement in the London Docklands.

Like the early 20th-century factories built by the Lever family at Port Sunlight and the Cadbury family at Bourneville, these plants were intended to be a new model of industry. The companies spent up to 100m each to replace the old hot metal with an array of new print technology. There were web offset and flexographic presses, with robots to load paper reels.

And like Bourneville and Port Sunlight, it was to be more than a technological experiment. It was to be a new house for their workers like the paternalist Levers and Cadburys. But after the paralysis of Fleet Street, they were determined to have in their plants the most flexible working practices and the best-informed workforce of any British industry.

A cohort of young managers, many from outside Fleet Street, were brought in to run the experiment. They attempted not just to improve on Fleet Street, but to obliterate its memory. Some claim to have succeeded already. "We used to look with envy at how Ford organised work in its plants; we have gone far beyond them in a few years," says one.

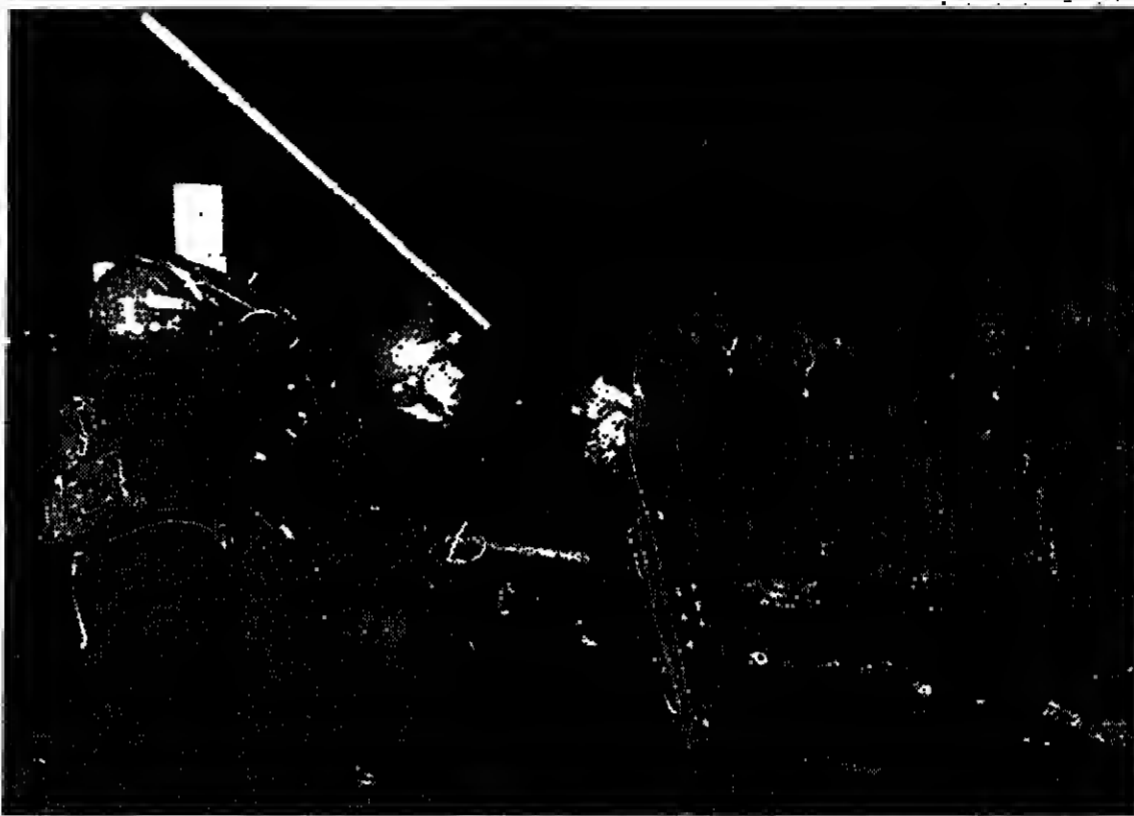
Last week's vote at Wapping was the first sign that the experiment could be going awry. The EFTPU electricians' union balloted 250 workers after News International declared 185 redundancies and imposed new shift patterns. The union has called a meeting next week to decide on whether to disrupt the five titles, including the Times and the Sun.

But Shatalin, the EFTPU national officer responsible for Wapping, says the company is slipping back into old Fleet Street traditions. He says it has had to offer double rates to fill some of its new shifts. "The way they treat their staff means they are back to the same old dumb insolence, and bargaining over every run," he says.

Some union leaders say Wapping is not alone: managers have stamped authority on their plants so heavily that they risk a second era of disruption.

As newspapers enforce strict control over their print workers there are fears of a new era of disruption, writes John Gapper

Familiar echoes in a brave new world



The way it was: riot police protect themselves from protesting print workers outside the Wapping plant in 1986

"You can sense a turn in people. One day it will explode again, and they won't be able to turn to us to sort it out because they have shut us out," says Mr Ted O'Brien, a national officer of the Sogat print union.

Newspapers are not helped by new financial uncertainty. They face an advertising downturn, while News International's parent company News Corporation is struggling with an \$8.2bn debt restructuring. "In the good times, it is easier to be generous. It's a more difficult now," says Mr Tudor Hopkins, News International's director of human resources.

Yet in an important respect, the climate remains favourable for them. High unemployment makes workers wary of striking no matter how badly the Fleet Street demarcations. "If we get back to people having a reasonable opportunity to move jobs, it might be a different matter," says Mr Alf Parisi, a national officer of the National Graphical Association print union.

Newspapers have tried a variety of management techniques in their plants. The most radical has been News International, which has abandoned all forms of collective representation for workers. Others such as West Ferry Printers - where the Telegraph and Express are printed - and Associated Newspapers have been more circumspect.

They have organised work so teams of employees work together under the leadership of an overseer, breaking the Fleet Street demarcations. "An engineer does not just sit with his finger in his ear waiting for something to go wrong with the presses.

He crosses disciplines," says Mr Peter Mills, managing director of the Financial Times plant in East India Dock.

Those that recognise unions have reduced their role. Managers enthuse about walking around their plants talking to workers rather than relying on unions. "We are closer to the staff than ever before. The them and us of the old days has all but disappeared," says Mr Murdoch MacLennan, managing director of Associated Newspapers' plant in Surrey Docks.

The pioneering spirit has led to a

Wapping enabled newspapers to do more than rid themselves of a large number of print workers: it allowed them to manage plants directly

constant re-organisation of work. West Ferry deals were changed in April 1986 after one review. "We went round with a stopwatch and started thinking for the first time what we would need if we started from scratch," says Mr Rupert Middleton, West Ferry managing director. They cut the workforce by a quarter.

Pay has fallen since Wapping: the FT this month cut the salaries of 36 workers whose earnings had been protected at the previous level. The highest Fleet Street earners were NGA competitors, some of whom earned 1,000 for under 20 hours work a week by the end of 1985. Skilled workers in

the new plants now earn around £27,000 a year.

In these ways, Docklands has turned the Fleet Street world upside down. Those who have worked in both places are bemused at the scale of change. "It has gone completely the other way from Fleet Street. There is no agreement or discussion; managers just dictate what you do," says Mr Frank Walker, a former Express printer who works at West Ferry.

Yet for all the change, there has been some continuity in most plants. They all employ some of those who used to work in Fleet Street - West Ferry printers has 250 workers aged over 50 - and they all recognise unions. The exception is Wapping, which marks the extreme of the revolution. Nowhere else has the break with Fleet Street been so absolute.

At the heart of the News International approach is an utter rejection of unions. After it shut out the NGA and the Sogat print union on its move to Wapping, the only union it could consider was the EFTPU. The company had originally recruited skilled workers through the EFTPU Southampton branch, and the union had ambitions to represent all Wapping print workers.

But the resulting dispute within the Trades Union Congress meant the EFTPU was barred from organising in Wapping until it was expelled from the TUC in 1988. By that time, the company had turned its back on collective representation. It had even disbanded the salaried staffs council set up in 1986 for managers to talk to elected staff representatives.

Mr Hopkins says the council "became more demanding and started to behave in a way we were not terribly anxious to encourage". The council disbanded the council in 1988 and selected a group of managers and workers to form a "human resources committee" which it consults on issues such as training, smoking policy, and the staff restaurant.

It also employed four "liaison officers" whose job was to act as intermediaries between the management and workers. Mr Hopkins says they had a "very difficult time" to the two years they operated. "They were taking a lot of flak, because people said they were just management stooges."

At the end of last year, it decided to remove the ambiguity and replaced them with four "human resource coordinators" who are managers. Their job is to test the climate in the plant 24 hours a day, and warn of any discontent. The company also holds "communication circles" to which groups of about 10 workers are encouraged to give their views.

This rejection of any collective representation means more uncertainty. "It is a question of always thinking how your workers will react to any plan. In Fleet Street, at least you knew what the automatic reaction would be," says Mr Hopkins. The strain has emerged in the last month in the EFTPU ballot, but the company still rules out union recognition.

Organised industrial action seems unlikely: the company claims only 50 workers took part in the ballot and Mr Shatalin of the EFTPU acknowledges they will be reluctant to risk their jobs. But the public disclosure of a flaw in the most radical of the Docklands industrial experiments has nevertheless caused the managers of the other plants a frisson of anxiety.

It raises the question of whether they have really achieved a new stability, or if workers' acquiescence is merely due to a temporary fear of unemployment. "A long period of cowardice followed by a brutal chop," is how one describes the history of Fleet Street management. Their biggest concern is that their workers will follow the example in Docklands.

Some admit they are still finding their way because their experience of management. "The people who managed in Fleet Street were not equipped to manage in a place where they could do what they wanted. Any vision they had originally had been knocked out of them," says Mr Middleton of West Ferry.

Others say they not yet achieved the re-organisation of work to match their vision. Mr Mills of the FT estimates it will take another five years before workers there are fully-trained in the flexible range of skills the company wants. There is still some resentment among craft workers who went through apprenticeships at the drive towards the mixing of skills.

Above all, some acknowledge they have a way to go before the old allegiance of workers to unions fully transfers to the companies. "They will not walk out of the door now, but we have not won all the hearts and minds," says Mr Middleton. He says the shock of Wapping has created too much uncertainty for workers yet to offer wholehearted commitment.

If so, the managers of the modern-day Bourneville and Port Sunlights in the Docklands have limited time to complete their transition from the past. As Britain emerges from recession, the economic pressure damping down any rebellion will ease. It would take some bravery to switch production elsewhere and abandon an expensive investment if there was a strike. There is pride as well as money at stake in the Docklands plants. Since Wapping, national newspapers have been able to tell other industries how best to manage their workers with a easier conscience. If the spirit of Fleet Street moved down the Thames to the Millwall, Surrey and East India docks, some of that pride would have to be swallowed very publicly.

Jerusalem post

Who will succeed Teddy Kollek, almost certainly the oldest and longest serving mayor of a capital city, as the boss of the troubled city of Jerusalem?

It was the unspoken question at yesterday's 80th birthday bash - hosted by the venerable Abba Eban - one of Israel's favourite figures. Although Kollek shows no signs of quitting imminently, it is widely assumed that he will stand down after the next municipal elections in three years time.

Vienna-born Kollek is one of the last prominent liberal figures left in elected office in Israel. An outspoken critic of Prime Minister Yitzhak Shamir, the peppery-haired and peppery-tongued Kollek has contrived a remarkable political balancing act. Not just between the Arab and Jewish populations, but also between rival political, secular and religious factions within the Jewish community.

But the city's Arabs have grown increasingly sceptical, despite the fact the Arab vote for years helped to keep him in office. They complain of the great imbalance in funding. Arab areas compared to Jewish neighbourhoods and Kollek has presided over the creation of large new Jewish suburbs in east Jerusalem.

Mr Shamir's Likud party is jealously eyeing Kollek's job. If the Arab population abstain - as they largely did last time round - Reuven Rivlin, a Likud member of parliament, could become the next mayor of Jerusalem. However, Yehoram Gaon, an Israeli pop singer and the brother of the man who runs the trade union controlled Koor industrial conglomerate, is also being talked of as a centrist candidate.

Meanwhile, the first institution Kollek has allowed to bear his name was officially opened yesterday - the Teddy Kollek stadium. Funded by Vivien

OBSERVER

Cloze Duffield, it was the subject of a 10-year battle between the oldest and longest serving member of the ultra-orthodox Jewish community who objected to its use for football matches on the Sabbath.

Happier days
Adolfo Suarez, the man who bulldozed post-Franco Spain towards democracy in the second half of the 1970s, bowed out of politics yesterday when his liberal party was virtually reduced to the "we can all fit in a taxi" category in Sunday's municipal elections.

But Suarez may care to remember happier times when he was picked by King Juan Carlos to replace an ageing conservative premier who had been besieged by Franco. As Oxford University historian Charles Powell tells it in a forthcoming biography of the monarch that has already been published in Spain, Suarez, who knew a crisis was brewing, had packed his family off on holiday to Ibiza and was alone in his Madrid apartment when the telephone rang. It was the king asking him over for coffee.

Within half an hour Suarez was pacing restlessly about the royal study unaware that the monarch was amusing himself spying on the politician's growing nervousness from behind a sliding screen. When the king bounded into view saying, "I have a favour to ask, will you take the job of Prime Minister?" the startled Suarez had the presence of mind to reply "about time too."

Deeds not words
Are Britain's engineers protesting too much, pluming their hopes of higher social status more on words than practical achievements? A prime example of the word-banding school is Peter



"Trust me, I'm a scientist."

Harris, founder of REAP - the campaign for the recognition of engineers as professionals. For the past 18 months he has been hounding prominent organisations, including the media, to dissuade them from using the word engineer for blue-collar operators such as mere motor mechanics. He wants it reserved for the qualification-laden variety who design things and so on.

Having had sparse success, he is diversifying his effort. Allies have told him the root of the trouble is that "engineer" in English is linked with engines, whereas the French "ingénieur" connotes ingenuity. So he now wants puhkuk engineers called "ingeniators". Even if that catches on which is improbable - Observer can hardly see it - the man who runs the trade union controlled Koor industrial conglomerate, is also being talked of as a centrist candidate.

to be a remedy. If engineers want to be upwardly mobile, their best way is through deeds - profitable as well as technically creative engineering achievements.

Neighbours

The word boutique has never been popular among the growing number of corporate financiers who have left big firms to set up on their own. They distrust the firm's name ring. Nevertheless, the number of small corporate finance shops continues to blossom. Two European-minded Americans, Richard Colker and Jacques Gelard, are opening the latest one in London's fashionable Mayfair.

Colker, former head of Kidder Peabody's European investment banking operation, spent many years living in London and Paris. Gelard was a long time boss of Shearson Lehman Brothers' UK operation before returning, briefly, to chair its international division in New York. They were both neighbours in London.

The small partnership will be mainly involved in financing and investment work rather than mergers and acquisitions, and the focus will be Europe. Colker sees the Continental markets becoming "deeper and more serious", and the demand for sophisticated Anglo-Saxon style investment banking skills is growing apace.

But even they can think of no better word than boutique. John MacArthur, ex-Kleinwort and Fret-Rache, who set up on his own three years ago, threatened to send a pair of frilly knickers to anyone who applied the dread word to his business. Suggestions, please.

Victor
Sign in the rear window of a badly damaged car being towed round Hyde Park corner. "You should see the one that lost."

MOSS BROS HIRE

HOW TO BE AT YOUR BEST FOR ASCOT WEEK.

If you put your shirt on a favourite during Royal Ascot, make sure it's one of our shirts.

Or morning suits. Or any of the accessories you need to be at your best at the races.

We have more styles, more branches - more of everything at Moss Bros Hire: except hassle.

FREE £25 OFF VOUCHER

When you hire an outfit at Moss Bros Hire you are presented with a free £25 voucher off any retail lounge suit from a Moss Bros Group store. Book now and miss the rush.

MOSS BROS HIRE

27-29 King Street, Covent Garden, WC2E 7JL Tel: 071 240 4807
88 Regent Street, W1 Tel: 071 494 0665
33-35 Eschep, ECL Tel: 071 626 4247
At Suite Company, 4-10 Bloomsbury Street, WC1E 7JL Tel: 071 588 7350
Ascot Enquiry Hotline number (Monday to Friday)
Tel: 071 924 1777 Fax: 071 350 0112

Ethiopia's first step on the peace road

All sides brought political maturity to the talks, but much could yet go wrong, writes Julian Ozanne

After 30 years of fratricidal civil war Ethiopia's warring groups appeared yesterday to have hammered out a ceasefire and negotiated the outline of a peace deal which could pave the way for the country's first democratic elections.

Even at this 59th minute for Ethiopia the deal could lay the foundation for pulling the country back from the precipice of self-destruction and save the Horn of Africa from further famine, flood, refugees and an explosion of ethnic-based conflicts.

Like the south-west African talks which also began in London two years ago and led to the independence of Namibia, Ethiopia is a beneficiary of the superpower rapprochement.

Since President Gorbachev took office it became increasingly clear that neither Moscow - nor Washington - wished to continue their proxy battle in the Horn of Africa.

Thus it was Mr Herman Cohen, US assistant secretary of state for African affairs who emerged from the London hotel which hosted Ethiopia's peace talks to say that a ceasefire was being announced in Addis Ababa and rebel troops should enter the Ethiopian capital as soon as possible.

For the first time after three decades of conflict and frequent famine Ethiopia - one of the world's poorest countries - has a chance of recovery. Yesterday's capitulation of the remnants of former President Mengistu Haile Mariam's government effectively leaves the rebel movements in charge.

But fears remain that the country could disintegrate into its disparate ethnic groups, threatening not only Ethiopia's hopes for rehabilitation but also the stability of the east African region.

The announcement of a ceasefire yesterday opened the way for a speedy rebel occupation of embattled Addis Ababa by fighters of the Ethiopian Peoples Revolutionary Democratic Front, a broad-based rebel group whose victories in the last month forced the collapse of black Africa's biggest army and the flight of Mr Mengistu. It also marked how swiftly events have moved since talks opened informally in London on Sunday.

The US role in negotiating and guaranteeing a transition to peace, democracy and economic reconstruction is now crucial. In the next few weeks, Washington's ability to influence political developments in Ethiopia may determine whether the country remains as one stable nation state or splits into ethnically-dominated republics.

The critical need to maintain stability was the principal reason behind the surprising speed of the London negotiations - point stressed strongly by Mr Cohen yesterday.

With rebels almost at the city gates and gunfire echoing in the capital, the threat of a violent and forcible takeover of the capital raised the spectre of, at the very least, a temporary collapse of governance.

For the 7th people facing starvation this year and dependent on an internationally-led relief operation that would have spent disaster.

But it also reflects the political maturity and realism that all Ethiopian groups brought to the London talks.

The agreement of a ceasefire and a rapid and orderly entry into the city by the rebel EPRDF, led by Mr Meles Zenawi was the first prerequisite for long-term stability.

Mr Zenawi was an agreement to abrogate the demand of the secessionist Eritrean Peoples Liberation Front, which has been battling since 1961 for the independence of the northern Red Sea province of Eritrea, until the formation of a transitional government.

This could only be done once the EPRDF had been assured of US support for a referendum in the future, which offered the option of independence. At the same time, such government as remains in Addis Ababa realised that this represented the only deal it could get which still held out the prospect of a unified Ethiopia.

Other critical issues remained to be settled: the exact composition and mandate of a transitional government which will be determined by the EPRDF, the timetable for elections, the terms of the amnesty demanded by the present regime, and the role of international forces in monitoring the transition and supervising democratic elections.

The outcome is of concern not only to Ethiopians but to

the neighbouring states of Somalia, Sudan and Kenya which fear the break up of Ethiopia and a flood of starving refugees across borders.

Much will depend on the future behaviour of the rebel groups, most of which are only just beginning to emerge from a military mentality and understand the complicated political challenges they face.

So far the signs are hopeful. Mr Meles Zenawi of the EPRDF did not have to come to London to negotiate with the rump of a government he blames for genocide and dictatorship. His fighters could have marched into the capital last Friday and seized power after 17 years of guerrilla warfare.

Similarly, the fall last Friday of Asmara, the provincial capital of Eritrea and the surrender of the 120,000 government troops stationed there gave Mr Issayas Aferwerki, the leader of the Eritrean Peoples Liberation Front, *de facto* control of Eritrea after a campaign which has lasted 30 long years.

In coming to London to get a US-brokered negotiated settlement both men have shown political leadership.

Mr Zenawi realises that a negotiated settlement with a transitional government which includes members of the former regime will bring a greater chance of stability, win over supporters of the previous government and assuage fears about the EPRDF, which until last January was firmly Marxist-Leninist and committed to emulating the Albanian model of Stalinism.

Mr Aferwerki knows that stability in Ethiopia may be his best chance for developing Eritrea and fulfilling the deeply-held desire for self-determination in the province. His offer to delay an independence referendum and his promise that the Red Sea ports of Massawa and Assab - which are part of Eritrea - will be available to Ethiopia whatever the outcome of the referendum will also go some way to dampening widespread hostility among Ethiopians to the EPRDF's demand for a referendum.

Many Ethiopians, including some Eritreans and almost all the international powers hope that Ethiopia will remain as one national unity. Anything short of Eritrean independence may be unacceptable to the EPRDF. Western diplomats believe, however, that the offer of a delay of the referendum, if it is matched with rapid democratisation in Ethiopia, decentralisation (perhaps even federalism) and significant development and economic assistance to the country, may be enough to entice the Eritreans to vote against secession.

The US' implicit threat that it would not recognise nor aid a secessionist Eritrea carved out by military force rather than by negotiation played a fundamental role in persuading Mr Aferwerki to come to London and participate in peace talks.

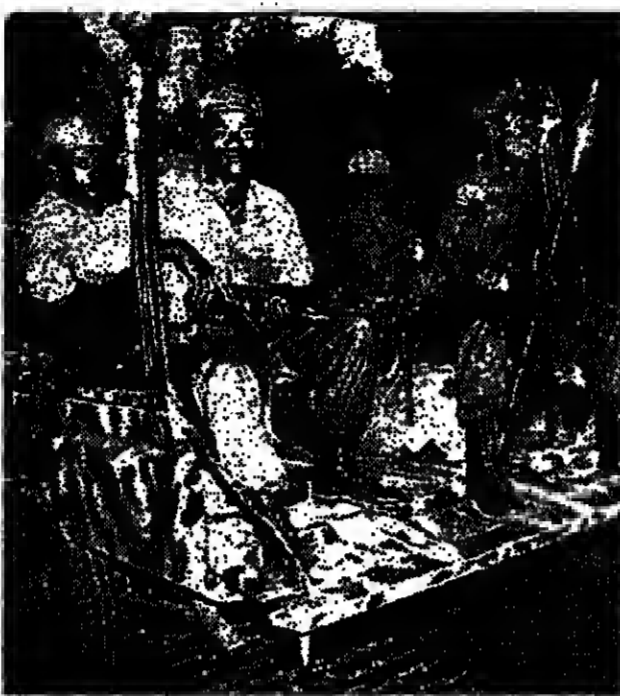
The same US carrot and stick also influenced Mr Zenawi who does not want to inherit a country deprived of vital international support after years of economic decline and war damage. Massive resources are needed urgently to ward off famine and to start rebuilding the country.

But the prospect of the EPRDF being unable to govern Ethiopia if it took power by force and the risks of disintegration and secessionist desires by other ethnic groups also proved a powerful determinant of the desire for a negotiated settlement.

However the future of Ethiopia will depend on the continued spirit of compromise and negotiation now developing in London and on the international community's playing a constructive role not dictated by cynical self-interest in the transition programme.

Many things could still go wrong. A huge famine this year brought by a disruption in the relief effort because of fighting would bathe the new transitional government in tragedy and popular anger. Retribution against former members of the regime could easily escalate into severe instability and bloodletting. Any attempt to centralise government or dictate the future would exacerbate secessionist and ethnic sentiments.

Throughout its history Ethiopia has been governed by force from a strong central authority. Now it has a chance to develop on the basis of consensus and respect for individual and group rights. It is a formidable challenge because of the vacuum created by decades of misrule. But failure to grasp it will result in the disintegration of Ethiopia and mounting regional instability.



Ethiopian soldiers in the capital, Addis Ababa, on Sunday

US-brokered negotiated settlement both men have shown political leadership.

Mr Zenawi realises that a negotiated settlement with a transitional government which includes members of the former regime will bring a greater chance of stability, win over supporters of the previous government and assuage fears about the EPRDF, which until last January was firmly Marxist-Leninist and committed to emulating the Albanian model of Stalinism.

Mr Aferwerki knows that stability in Ethiopia may be his best chance for developing Eritrea and fulfilling the deeply-held desire for self-determination in the province. His offer to delay an independence referendum and his promise that the Red Sea ports of Massawa and Assab - which are part of Eritrea - will be available to Ethiopia whatever the outcome of the referendum will also go some way to dampening widespread hostility among Ethiopians to the EPRDF's demand for a referendum.

Many Ethiopians, including some Eritreans and almost all the international powers hope that Ethiopia will remain as one national unity. Anything short of Eritrean independence may be unacceptable to the EPRDF. Western diplomats believe, however, that the offer of a delay of the referendum, if it is matched with rapid democratisation in Ethiopia, decentralisation (perhaps even federalism) and significant development and economic assistance to the country, may be enough to entice the Eritreans to vote against secession.

The US' implicit threat that it would not recognise nor aid a secessionist Eritrea carved out by military force rather than by negotiation played a fundamental role in persuading Mr Aferwerki to come to London and participate in peace talks.

The same US carrot and stick also influenced Mr Zenawi who does not want to inherit a country deprived of vital international support after years of economic decline and war damage. Massive resources are needed urgently to ward off famine and to start rebuilding the country.

But the prospect of the EPRDF being unable to govern Ethiopia if it took power by force and the risks of disintegration and secessionist desires by other ethnic groups also proved a powerful determinant of the desire for a negotiated settlement.

However the future of Ethiopia will depend on the continued spirit of compromise and negotiation now developing in London and on the international community's playing a constructive role not dictated by cynical self-interest in the transition programme.

Many things could still go wrong. A huge famine this year brought by a disruption in the relief effort because of fighting would bathe the new transitional government in tragedy and popular anger. Retribution against former members of the regime could easily escalate into severe instability and bloodletting. Any attempt to centralise government or dictate the future would exacerbate secessionist and ethnic sentiments.

Throughout its history Ethiopia has been governed by force from a strong central authority. Now it has a chance to develop on the basis of consensus and respect for individual and group rights. It is a formidable challenge because of the vacuum created by decades of misrule. But failure to grasp it will result in the disintegration of Ethiopia and mounting regional instability.

Exchange-rate parities in Europe

A cloud over Emu

By Alberto Giovannini

Cracks have emerged in the plan for monetary union prepared by the Delors Committee and endorsed by European governments. Substantial exchange-rate stability coupled with persistent inflation-rate differentials has pushed relative prices among European countries out of line, and contributed to higher inflation in Germany.

Similarly, in financial markets the sizeable interest differentials between sterling, lira and D-Mark deposit rates are probably the clearest signal of the fragility of the current policy stance of firmly fixed exchange rates. Again, exchange-rate realignments would just prove to the public that scepticism was justified, and further prevent the inflation rates and interest rates from converging. They are a sign of a monetary union convergence strategy in bankruptcy.

Hence the governments of France, Italy and Spain have decided to avoid exchange rate realignments to gain credibility. The cost of maintaining their exchange-rate promises is high interest rates and a loss of competitiveness.

What is the solution to these problems? Rather than wasting resources in the process of establishing credibility, the best way to achieve a single currency in Europe is to do it suddenly, rather than gradually.

This has been the German strategy. The Germans reunited east and west under the D-Mark before anybody had the time to point out that the economic rationale for German monetary union was substantially weaker than the economic rationale for Emu. Germans knew that waiting for economic convergence between the eastern and western sections of the country would have taken them nowhere. Yet, despite the homogeneity of economic institutions and the use of an already well-established currency, the German currency reform is hard to justify purely on economic grounds.

In other words, the economic conditions of the two Germanys are not those of an optimum currency area. In sum, it is not just Stage Two, as observers often remark, that makes the current plan for monetary union difficult to implement. It is the whole idea of gradualism that makes little economic sense,

even though - regrettably - political constraints require it. So, what can European monetary authorities do now? There are three options. The first is to allow realignments to occur without changing anything in the plan for monetary union, leaving the EMS status quo. But this option will slow down inflation convergence and might give rise to disruptions within an EMS that is already vulnerable to capital flight.

The second option is not to allow realignments until the currency reform comes. Since relative prices are already out of line, this option implies either more inflation in Germany, much lower inflation, or possibly even deflation (that is, a fall in prices) elsewhere. It is easy to expect latter convergence between Germany and other European countries if this option is followed.

The last - and best - option is to accept realignments, but only if accompanied by concrete measures that signal the commitment of European governments to Emu. These might include an endorsement of the statute of the European central bank, an endorsement of the concept that monetary union means a single European currency, and an explicit list of the remaining issues to be settled before monetary union.

This strategy is explicitly intended to repair the damage from currency overvaluation and high interest rates in Italy, Spain and perhaps also France, to allow the Bundesbank to stem imported inflation, while still minimising the loss of credibility of the plan to monetary union that any realignment would inevitably bring about.

Those who look at monetary union with scepticism will clearly embrace option one. But those who want to achieve a single currency should probably push for option three, keeping well in mind that, inevitably, many difficult technical and political issues will need to be settled very soon.

The author is a professor at Columbia University's Graduate School of Business; a fellow of the Centre for Economic Policy Research in London and a research associate of the National Bureau of Economic Research in Cambridge, Mass.

LETTERS

Voting systems

From Mr Ken Jarrett.
Sir, your readers may be interested to know that recently 80 per cent of the postal group membership of the Union of Communication Workers thought that none of the candidates for the 1991-92 executive council was fit for office. Or so it would seem. Those who voted felt northern candidates were preferable to southern ones. The multiple X voting system was used. The ballot resulted in a skewed unrepresentative council. The north nominated 14 candidates for the postal group of the council of which 12 were elected, while the south nominated 12 candidates of which three were elected; 19.5 per cent of the postal group voted. The ballot results indicate that as many members in the south voted as in the north. There are other anomalies.

Surely, it is about time that the UCU, with a membership of some 200,000 and an income of about £14m, had its executive council elected by the STV/proportional system of voting. Your postperson may be one of many postal workers who are effectively disenfranchised because they refuse to give a preference to a particular system of voting which contains logical deficiencies.

Ken Jarrett,
40 Franklin Road,
Bourneville,
Birmingham

The Sabbath
From Mr Peter James.
Sir, why do we keep hearing about Sabbath and Sunday trading as if these terms were interchangeable? Surely as informed as a newspaper as yours self knows that the Council of Nicea in 325 AD under Emperor Constantine made people keep their homes, livelihood, and even their lives if they did not stop resting and having services on the Sabbath, that is, Saturday. Many lost their lives. The Sabbath has always been Saturday. Respectfully, please refer to Sunday trading.

Peter James,
12 West Priors Court,
Lings,
Northampton

Principles on which a realistic plan to rescue perestroika would depend

From Mr Padma Desai.
Sir, Your correspondent, John Lloyd, reports "Gorbachev in secret G7 office" May 17 on the new perestroika plan proposed by the Soviet economist, Grigori Yavlinsky. Offering rapid reform in exchange for a substantial aid flow figures ranging from \$10m to \$20m annually over five years are being bandied about - for the plan presumably is a trial balloon, floated by Mr Gorbachev's implied consent for the G7 to catch.

But the premise that a "Marshall Plan" can be mounted to rescue perestroika is utopian. Although deepening Soviet economic crisis would be disturbing, fear of it alone is unlikely to produce plentiful funds for perestroika.

There are several more deserving recipients for the limited aid funds today. Nor is the Bush administration likely to surmount conservative opposition to an expensive underwriting of Gorbachev simply on a liberal contention of enlightened self-interest.

A realistic plan for rescuing perestroika must depend therefore on two mutually reinforcing principles. Significant Soviet concessions on security and foreign policy must be made to enable president Bush to bring the conservative and hence the US on board. In turn, these concessions must be traded for economic initiatives by the bilateral powers (the EC, Japan and the US) that will produce maximum tin for the Soviets and minimum cost for others.

The Soviet Union must conclude the conventional arms treaty, reduce the strategic nuclear arsenal, and join the US in scaling down assistance to warring factions in Afghanistan. The Soviets must be offered immediate entry into the World Bank, with access to its resources for the long-term "structural adjustment" and to the IMF with its host of funds for short-term needs.

The EC would offer the Soviets a five-year Grain and Meat Agreement, selling up to 20m tons annually of its farm surpluses on medium-term credit. The EC needs to cut back the current subsidies on its farm exports, concluding the Uruguay Round of tariff negotiations. By providing the EC

farmers with a temporary new Soviet market, the agreement would ease the political pain of accepting these cutbacks. Japan would offer to exchange the four disputed islands, seized by Stalin in August 1945, for sizeable credits and direct investment. This deal did not materialise in April during Gorbachev's visit because of the pro-Gorbachev-Yeltsin accord confrontation politics that had undercut perestroika's prospects.

The Soviet use of multilateral funds, the EC Grain and Meat Agreement, and Japanese credits and direct investment would make a core economic plan of successful transition to markets credible. Such a plan would not only exploit but also justify these commitments from the EC, Japan and the multilateral institutions. The

Soviet foods problem would be contained; the foreign investments would bring needed technology; the (non-food) credits would ease the transition to convertibility and reinforce the capacity to attract investment from everywhere.

A consortium of the trilateral powers and the multilateral institutions would back the plan. Multilateral institutions would monitor the plan, in view of Soviet sensibilities. The plan can be suspended if mayhem breaks out anew in Moscow. Such a threat would provide the necessary external glue to keep Gorbachev and Yeltsin working together for the orderly progress of perestroika and, equally, of glasnost.

Padma Desai,
professor of economics,
Columbia University,
New York NY 10027

Tobacco ads and subsidies
From Mr Bryan Cassidy MEP.
Sir, After Rowena and Andrew Hill are to be congratulated on their penetrating criticism of the European Commission proposal to ban tobacco advertising in the European Community ("Tobacco ad ban faces a bumpy ride", May 20). Among the ironies of a ban would be that with no advertising of tobacco products, there would be no advertising of health warnings.

Another irony of the proposed ban is that in the very week when commissioner Pignatelli proposed the ban, commissioner MacSharry (in charge of agriculture) was seeking the approval of the European Parliament to spend Ecu 1.2bn (£870m) on support for tobacco growing and intervention in the 1992 EC Budget. That sum makes the total advertising expenditure on tobacco, which your article estimates at between Ecu 500m (£350m) and Ecu 600m (£420m), look pale by comparison.

Another irony is that as yet the member states of the European Community have done little to ban smoking in public places. In that respect, the European record is much inferior to that of the US where smoking is banned on all internal flights and where most res-

taurants have a non-smoking section. Though there is no ban on tobacco product advertising in the US, cigarette sales are declining there in sharp contrast to Norway and Portugal where cigarette sales have increased since they introduced an advertising ban.

Bryan Cassidy,
Bureau 227, Van Maelant,
European Parliament,
97-113 Rue Belliard,
1040 Brussels.

From Mr J Woods.
Sir, With reference to your May 30 article on a proposed ban by the EC on advertising tobacco after 1992, would not the EC create more impact and save us all money by removing its subsidy of £940m to EC tobacco growers?

potential loss of revenue, one must assume they will more than recoup a downturn within the EC by concentrating on the African and other Third World markets where the EC growers sell their tobacco.

It is only too obvious that the EC will in future years be sending aid to cancer and heart disease sufferers in Third World countries in order to ease our consciences.

Joe Woods,
21 Wandle Road,
Morden, Surrey



THE 1990 BALANCE SHEET - EFFECTIVELY SUSTAINED MARKET POSITION.

In 1990, the Landesbank Rheinland-Pfalz and its affiliated companies were able to continue the successful development of the preceding years.

The Bank's business grew appropriately in volume terms. The balance sheet total (including the Landes-Bausparkasse) grew by 9.1% to DM 48.2 bn, whilst the volume of business increased by 8.5% to just short of the DM-50 bn mark. The Group balance sheet total was up by 8.3% to DM 53.2 bn and the volume by 7.9% to DM 54.2 bn.

Given the good investment climate, there was a welcome increase in the Bank's corporate lending. The expansion in the building sector led to a vigorous development in new real-estate lending. There was strong growth in refinancing leasing and factoring companies and special-purpose banks. Business conducted with federal and state-government issues also demonstrated noteworthy growth. In foreign business, the previous years' positive trend was continued.

The Bank's traditionally strong placing ability has been confirmed, with a further growth in sales of its own and other securities to reach DM 15.6 bn.

In order to be ready for the single European market, the Landesbank Rheinland-Pfalz has

established the necessary presence abroad. It is represented in the key financial centres of Luxembourg, Zurich, Amsterdam, London and Paris and, thanks to a cooperation agreement with the Banco S. Geminiano e S. Prospero SpA, Modena, it now also has access to the interesting economic region of northern Italy.

In order to strengthen its market presence, especially in real-estate finance, the Bank has representations in Frankfurt and Hamburg and also a branch office in Berlin. Customers in the new German states are served by both the Berlin branch and the Erfurt representation. The Bank is ready to use its business potential to help finance investments in eastern Germany.

Key figures 1990	In DM millions	per cent
Balance Sheet Total (Group)	53,191	+ 8.3
Balance Sheet Total (Bank)	48,165	+ 9.1
Receivables	36,359	+ 3.6
Liabilities	22,468	+ 11.1
Debentures	19,985	+ 7.7
Capital and Reserves	1,114	+ 2.7
Fiduciary Accounts	3,797	+ 5.7

Once again, the close cooperation with the savings banks in Rheinland-Palatinate proved its value, given the more exacting demands on the financial industry. As the principal bank of the state government, the Bank financed measures to strengthen the region's competitiveness.

On the operational side, the Bank achieved a good result (on a par with 1989), despite the difficult conditions prevailing on the financial markets. Once all lending-risk components have been taken into account and the security portfolio valued according to the lower of cost or market principle (and an appropriation made to reserves), DM 20 m remain to be paid out as a dividend (same as 1989).

LANDESBANK RHEINLAND-PFALZ

21 Years of
Claims
Negotiation

FINANCIAL TIMES COMPANIES & MARKETS

THE FINANCIAL TIMES LIMITED 1991

Tuesday May 28 1991

King & Co
Chartered Surveyors
071-493 4933
7 Stratford Place, London W1N 9AE

INSIDE

SDS struggles for independence

SD-Scicon (SDS) is in a tight spot. British Aerospace, which holds about 25 per cent of SDS, is backing the bid last week by Cray Electronics for the loss-making computing services company. Unless John Jackson (left), SDS non-executive chairman, can persuade institutional shareholders that enough is being done to return the company to good health, only a competitive bid will keep it out of Cray's embrace. **Page 22**

Falling out of favour

Investors have embraced the idea that European monetary union will force yields towards those of Germany. So far, this belief has been rewarded through the French market which has grown significantly since 1986. But it may now be "played out" as a converging market, reports Simon London. **Page 25**

Campeau under fire

Robert Campeau, the French-Canadian entrepreneur, is being sued by the company he founded. The heavily-indebted Campeau Corporation is demanding that Mr Campeau repay £314.6m in loans, and return several items, including valuable paintings, a Cadillac and telephone equipment, which were allegedly bought by the company for his personal use.

Enough is enough

Continental European property markets have largely escaped the problems of oversupply which have hit Britain, the US and Australia. Analysts cite the effects of restrictive planning policies and more prudent bank lending as benefiting continental property companies. Vanessa Houlder reports. **Page 27**

Market Statistics

Base lending rates	33	Managed fund services	29-32
European market turnover	25	Money markets	32
FT-ASE World Index	27	New UK bond issues	25
FT-ASE 100 Index	24	UK Tokyo bond index	22
Foreign exchange	33	US money market rates	24
London interest rates	33	US bond prices/yields	24
London share services	33-35	World stock index	27

Companies in this issue

Asia	22	Deutsche Bank Cap	22
Bancario San Paolo	23	Fondifarie	28
Banesto	23	Lewis's	22
Bank of Spain	23	Mazda Motor	28
British Petroleum	22	Mitsubishi Motors	28
Conformans	22	Petromed	22
Dalhousie Motor	22	Pinnacle	22
Debenhams	22	Thyssen	22
		Water companies	22

Japanese banks reveal sharp profit falls

By Stefan Wagstyl in Tokyo

TOP Japanese banks saw profits fall in 1990 for the second year in a row, as a rise in interest rates cut margins, a tough regulatory regime curbed growth and poor stock market conditions hit securities trading profits.

Also, growing bankruptcies among property companies and others could hurt profits and absorb management time.

The banks' combined business profits, a measure of the profitability of core banking activities, declined just 3 per cent.

The fall is seen as a sign that the squeeze on lending margins imposed by the rise in interest rates over the past two years is easing slightly.

In comparison with previous periods of rising interest rates, the current phase is particularly severe.

It is the first time that banks are having to cope with the con-

McCaw takes a gamble on cellular dream

The US group has taken on heavy debts to develop its vision of a national network, reports Martin Dickson

With his quiet, scarcely modulated voice, reserved manner and neat business suit, Mr Craig McCaw does not look at first glance like either a visionary or a gambler. Yet he is both on a breathtaking scale as chairman of McCaw Cellular Communications.

Mr McCaw, a youthful looking 41, has built McCaw Cellular, based in Washington state, from modest origins into one of the biggest players in the US mobile cellular telephone business. British Telecom was so impressed that two years ago it bought a 22 per cent stake in the US company.

The McCaw gamble is this: the company has taken on a huge debt burden to fund the development of a business which is not expected to report conventional profits until at least the mid-1990s. Even that expectation depends on the industry's remarkable early growth being sustained through the current recession and beyond.

However, Mr McCaw's vision, if fulfilled, could help make the gamble pay off. He wants to create a "seamless" national cellular network - called Cellular One - out of the patchwork of independent licences which compete against regional telephone companies, with their own cellular offshoots, in a collection of local duopolies.

Mr McCaw wants to gain a competitive edge by creating a system that combines high quality and user friendliness. This, he argues, would give a powerful marketing boost to all participants in the scheme. And none more so than McCaw, the largest of the independents.

The plan was given a boost this month with the announcement of a joint venture between McCaw and Southwestern Bell, a regional telephone company



partly offset their impact by a cost-cutting programme. The main performance yardstick for the sector is cash flow. In the first quarter, McCaw's cellular operations produced cash flow of \$90m, about 38.3 per cent of service revenues, compared to \$43.8m, or 31 per cent in the same period of last year.

McCa's first-quarter results were good, but not great, which means their results were above average compared to other cellular and telephone companies.

The figures include a proportionate share of Lin Broadcast, a company with franchises in New York and Los Angeles, two of the busiest cellular markets in the US.

McCa greatly increased its gambling stakes - and its debt burden - last year when it paid \$3.4bn to assume 52 per cent own-

ership of Lin. It argued that this would give it the critical mass necessary for its national network.

However, Lin had a reputation for skimping on investment and giving a poor quality service. One of McCaw's biggest challenges over the past year has been to turn Lin around: a difficult task at a time when the subsidiary's north-eastern operations (some two-thirds of its cellular system) have been hit by a particularly severe regional recession.

Lin's system is being extensively upgraded and the number of its cell sites - used to transmit signals - will have been trebled by this summer. These improvements have helped it weather the recession better than analysts feared.

"Business in New York," says Mr McCaw, "is more vibrant than you might expect." And to sceptics on Wall Street, he says: "We

IT IS the high season for economic forecasts once again.

Later this week, Britain's National Institute of Economic and Social Research will produce its latest assessment of UK and global economic trends. Next week the Organisation for Economic Co-operation and Development unveils the main elements of its summer "Economic Outlook". It will come in time for a meeting in Paris of the economics and finance ministers of the OECD's 24 industrialised member states.

Over the next month or so, a host of other organisations will be polishing their crystal balls and crunching numbers through computers in an attempt to shed light on future developments.

Unfortunately, many of these efforts will be of questionable value. Forecasters tend to do badly when economies are near turning points; and at present, the outlook for the industrial world's economy is uncertain.

Countries in recession, such as the US and Britain, are assumed to be close to their turning points. But it is difficult to be sure of recovery or to know how strong this will be. This observation is particularly true for Britain after last week's Confederation of British Industry monthly trends survey. It pointed to a continuing fall in manufacturing output over the next four months.

Uncertainty also surrounds the outlook for economies which have so far shown strong growth. Last week, for example, financial markets were providing mixed signals about Germany. The Frankfurt stock exchange appeared to shake off some of its gloom over the problems of eastern Germany to close at a new high for the year. One reason for this upswing is confidence among German banks that corporate profits will rise. Degab, the Deutsche Bank's investment research organisation, has forecast an 8 per cent profit gain for German business next year. On the other hand, the performance of the D-Mark last

Economics Notebook

Forecasters rush to play the numbers game

Friday seemed to contain a different message. It too was strong, particularly in New York where it gained against sterling and took some of the shine off Friday's UK bank base rate cut to 11.5 per cent.

One reason for the D-Mark's strength was the news that Mr Helmut Schlesinger was almost certain to become the next Bundesbank president. Mr Schlesinger has no truck with inflation and the D-Mark's strength suggests that the foreign exchange market expects him to keep the German currency strong. That could mean higher interest rates which would crimp the economic growth that German bankers seek.

Undeterred by such confusion, five of Europe's better known economic research institutions recently produced their ideas of what Europe will look like in 1993. What distinguishes this venture from many other forecasting efforts is that it attempts to fuse insights from macro- and micro-economic research and draw out the business implications for 40 business sectors in the 12 EC countries.

The British end of the project is carried out by Cambridge Econometrics. The German partner is the highly-regarded



Schlesinger: no truck with inflation

cent increases in the tonnages of basic products such as raw steel, cement and ethylene in the 1990s. Instead, it expects more output of better quality products, based on new technologies, such as high-performance steels.

Nissan UK records income of £67m

By Kevin Done in London

NISSAN UK, the privately-owned company embroiled in a bitter legal fight against the termination of its sole British distribution franchise for Nissan vehicles, made a pre-tax profit of £67.1m (£116m on turnover of £990.5m in its last financial year).

The result disclosed in edited accounts filed last week was 22 per cent higher than the £55m previously reported by NUK in unaudited figures in December.

In the year to the end of July 1990, NUK's pre-tax profit at £67.1m was almost unchanged from the £67.7m achieved a year earlier. Turnover, however, fell from £935.2m to £990.5m. NUK sold 128,000 cars and commercial vehicles in the 1989/90 financial year. Nissan accounted for more than 5 per cent of UK new car sales to 1990.

Nissan UK Holdings, the NUK parent company, achieved a pre-tax profit of £68m on turnover of £815.2m.

The NUK business is in jeopardy following a court ruling last week. The High Court refused to grant an interim injunction against the move by Nissan Motor, Japan's second-largest car maker, to terminate NUK's agreement with effect from the end of 1991. NUK has indicated that it intends to appeal.

The NUK annual report underlines that the group's "principal activity is as the holder of the sole concession in the United Kingdom for the distribution of automotive products manufactured by Nissan Motor in Japan, Spain and the UK". Nissan is determined to set up its own distributing operation.

What do you call a venture capital company that doesn't act like one?



The prospect of approaching some venture capitalists can be a daunting one. But if you're looking for a totally different

approach, the answer is CINVen. We're backed by three of Europe's largest pension funds, and currently manage over £600 million of investments. For more information, call Sally Wright at CINVen on 071-245 6911. Our solutions could make all the difference.

Number of 01800

Peter Norman

Substantial fall in Thyssen six monthly profits

By David Marsh in Bonn

NET PROFITS at Thyssen, the German steel and engineering group, fell sharply from DM363m to DM227m (\$133.5m) in the first half.

The company called the result "satisfactory", but made clear that worsened economic conditions in the steel area dampened earnings compared with the favourable figures 12 months earlier. Pre-tax earnings were down from DM705m to DM470m (\$276.4m).

The outlook for coming months was "restrained", the company said, reflecting general slowing in world economic growth. Although west Germany and Japan were still performing relatively buoyantly, dynamism was ebbing in these two countries, and conditions have weakened above all in the Anglo-Saxon countries and in eastern Europe.

Turnover in the six months ended March 31 rose 6 per cent to DM17.7bn (DM16.8bn). This was, however, the result of alterations in consolidated group accounting - above all the acquisition of the Otto-Wolff group mainly reflecting changes in the second half of the 1989-90 year.

In spite of the overall dampening of the international econ-

omy, Thyssen profited from an increase in incoming orders. Orders in hand at the end of March totalled DM14.4bn.

Investments fell to DM1.23bn (DM1.68bn), with the comparison distorted by the acquisition of Otto Wolff. Current investment expenditure for modernisation of production facilities, at DM1.1bn, was higher than a year ago.

Steel turnover rose 23 per cent to DM6.7bn (DM5.5bn), but this was to some extent due to the inclusion of the steel activities of Otto Wolff. Volumes and prices fell back in the steel area, while the problems of east European steel industries provided an additional burden.

Turnover in capital goods and manufacturing rose 11 per cent to DM5.2bn, with Thyssen Industrie showing above average growth of 22 per cent. The Budd Company, which supplies components for the US vehicle industry, suffered severely from sales difficulties in US cars, and turnover dropped 8 per cent in dollar terms.

Trading and service activities rose 25 per cent to DM4.5bn, while special steels turnover fell 13 per cent to DM2bn as a result of general market difficulties.

Deutsche Bk Capital Mkts gilt-edged start-up

By Sara Webb

DEUTSCHE BANK Capital Markets will start operating as a gilt-edged market-maker early next year, and has begun recruiting from one of the City's leading gilt houses.

Mr John Lake, managing director of Greenwell Morgan Gilt-Edged which is one of the biggest gilt-edged market-makers, has been appointed joint managing director of Deutsche Bank in London.

Deutsche Bank said that the move into gilt-edged market-making is part of its overall strategy to build up its worldwide business in government bonds.

Standard & Poor's, the US credit rating agency, may place certain mortgage-backed issues in the UK on its Creditwatch surveillance list this week following concern about a number of UK composite insurers.

The alarm about several mortgage-backed issues stems from the decision by S&P last week to place a number of UK insurance companies on Creditwatch "with negative implications."

Some of these composite insurers provide insurance for securitised mortgages and S&P said that some insurers were considering upgrading their insurance cover now.

SD-Scicon will not be seeking a white knight

Persuasion or a competitive bid is the way to fight off Cray, says Alan Cane

Time may be running out for SD-Scicon, the loss-making computing services company which became the subject of a bid from Cray Electronics last Friday.

British Aerospace, which holds about 25 per cent of SDS equity, has already decided to accept a takeover bid from Cray. It has little faith in the ability of the present management to restore profitability at the troubled group. At a bid price of 41p for each ordinary share, it will have to take a hefty loss on its investment - it bought into Systems Designers, the predecessor of SDS, in 1987 at 85.75p.

Cray's offer values SDS at only £11m, or just over 40 per cent of last year's revenues of £26.6m. Recent acquisitions in the UK information technology sector, for example ACT's purchase of Quotient or Computer Sciences acquisition of Butler Cox, valued the target companies at up to 150 per cent of sales. Those companies, however, are profitable while SDS incurred losses of £20m last year, the largest ever by a UK computer services company.

Unless over the next two weeks Mr John Jackson, SDS's recently appointed non-executive chairman who is leading the company's defence, can persuade his institutional

shareholders - principally Morgan Grenfell Asset Management and the Prudential - that enough is being done to return the company to good health, only the emergence of a competitive bid will keep it out of Cray's embrace.

But from where? Every large European computing services company has looked at SDS over the past few months but no bids have been forthcoming. Cray playing the role of stalking horse, making a derivative offer to flush out a more realistic bid?

Cray's management, under chairman Sir Peter Michael, argues that the bid represents a fair premium on SDS's share price of about 30p, before bid speculation raised it to 40p.

SDS is determined to maintain independence. A defensive strategy is being put in place and will be unveiled in answer to Cray's offer document, according to Mr Jackson. He said he was not seeking a white knight to retrieve the situation.

His troubles are, it has to be said, largely of his own making. It has failed to make friends in the City and has alienated many in the computing services industry.

The company was formed in 1988 through the merger of the



John Jackson: faces two weeks of hectic lobbying

software house Systems Designers with Scicon, the UK's oldest computing services company but which, under SP ownership, had failed to thrive. The merged company started well with profits of over £13m on revenues of £21m in its first year, but restructuring costs and the first hints of problems with large contracts forced a 46 per cent decline in profits to £7.3m in 1989.

Nobody, however, least of all SDS's management, foresaw the scale of the 1990 losses. The UK computing services industry fared badly last year as the recession forced customers to delay investment decisions.

Pre-tax profits fell for the first time since 1985 and several companies failed.

But SDS's losses were nothing to do with the recession, for it made an operating profit of £5.2m. They were directly the result of a 22.4m provision against more than a dozen fixed price contracts which had slipped out of control.

Large fixed price contracts in the computer software business are notoriously risky; they tie up capital and skilled technologists and the costs of slippage can escalate alarmingly. Most important they require a high level of expertise in what is known as "change management". All large projects change during their implementation; the skill lies in understanding how to agree the nature and cost of the changes.

SDS's project management was, it seems, less than professional. Mr Philip Swinstead, SDS chief executive, moreover, offended competitors by claiming that computing services companies in general lacked the experience to manage large projects. Many felt that SDS had damaged the industry's reputation through poor project pricing. Directors in SDS last year secured both the highest pay and the highest

increase in the industry - Mr Swinstead's remuneration rose 43 per cent to £159,000.

SDS now claims it has brought in new and professional management. Earnings recovery has been stripped out and project guidelines agreed. City analysts agree the company should return to profits this year, perhaps making £2.2m on sales of over £20m.

Sir Peter Michael and his team at Cray, an electronics company specialising in software, telecommunications and instrumentation and capitalised at around £80m, accept that SDS is fundamentally sound but argue it needs better control and direction.

They have an impressive track record, building up UEL before selling it to Carlsberg Communications for £50m in 1989 and turning Cray round after it got into serious difficulties two years ago.

The fact remains that hostile bids for software houses are rarely successful and computing services companies are difficult to manage as part of other businesses - note that ICL has established separate subsidiaries to manage its growing software interests. Cray may succeed in its bid but will it have bitten off more than it can chew?

Asda fails to identify mystery share buyer

By Michiyo Nakamoto

ASDA, the supermarket chain and the UK's fourth largest retailer, is again facing mounting speculation that it is the target of a takeover bid.

The group has been unable so far to identify a mystery buyer or buyers which acquired approximately 6 per cent, or 12.5 of its shares a week ago last Friday.

The group issued 212 notices to several companies last week in an attempt to find out who the mystery buyer was, but the action has not yielded any positive results so far.

Several German groups, including Aldi, the discount supermarket group and Tengelmann, Europe's largest retailer, have been identified by marketmakers and other sources in the City as likely buyers in Asda. However, the group's brokers have as yet not been able to place where the 12m shares have ended up.

Results for the 28 weeks to

November 10 indicated the extent to which its £705m acquisition of 60 Gateways stores in 1989 has continued to take its toll.

Taxable profits fell to £60.8m against £83.5m despite higher turnover of £2.25bn (£1.58bn). Increased operating profits of £107m (£81.1m) had been eroded by an interest bill of £42m (£4.5m receivable) arising from borrowings taken for the Gateway acquisition.

Asda has been the target of stake building and bid speculation for over a year. The sale by the Bebbel Brothers, the Canadian corporate raiders, of a 5.45 per cent stake in September at an estimated loss of £30m to £40m ended the last bid speculation surrounding the group.

During this time the shares have languished, closing at 109p last Friday, which is virtually half the 1989 high of 212p.

CROSS BORDER M&A DEALS				
BIDDER/INVESTOR	TARGET	SECTOR	VALUE	COMMENT
AGF (France)	La Union y El Fenix (Spain)	Insurance	£152m	AGF buying 24 per cent
Group of Investors (International)	WHSTV (UK)	Television	£95m	WH Smith exits Satellite TV
Carlson (US)	Unit of WH Smith (UK)	Travel Agency	n/a	Carlson travelling hopefully
Rauterström (Finland)/ Norsk Jern (Norway)	Fundia (Sweden)	Steel Products	£31m	Buyer's take 60 per cent; want 100
Management + Investors (US)	Unit of Dalgety (UK)	Fresh produce	£16.5m	Further Dalgety restructuring
Management (Brazil)	Unit of Black & Decker (US)	Timers & controls	£8.3m	Non-strategic sale by B&D
Powell Duffryn (UK)	Unit of Dresser Industries (US)	Combustion services	£5m	PD strengthens product range
Philips Lighting (Holland)	Polan Pila (Poland)	Lighting products	n/a	Polish privatisation
Thompson Consumer Electronics (France)/ Polak (Poland)	Thompson-Polak (JV)	Television tubes	n/a	Polish privatisation
Compass International (France)	Interspiro (Sweden)	Breathing apparatus	Est £10m	Compass triples European presence

Source: FT Mergers & Acquisitions International

NOTICE OF REDEMPTION

HMC MORTGAGE NOTES 1 PLC

£150,000,000 Mortgage Backed Floating Rate Notes June 2017

NOTICE IS HEREBY GIVEN to holders of the £150,000,000 Mortgage Backed Floating Rate Notes June 2017 (the "Notes") of HMC Mortgage Notes 1 PLC (the "Issuer"), pursuant to the Trust Deed dated 16th July, 1987 (the "Trust Deed"), between the Issuer and The Law Debenture Trust Corporation p.l.c. as Trustee, and the Agency Agreement dated 16th July, 1987 (the "Agency Agreement") between the Issuer and Morgan Guaranty Trust Company of New York (the "Principal Paying Agent") and others, the Issuer has determined that in accordance with Condition 6(c) (iii) of the Terms and Conditions of the Notes, the Notes will be redeemed in full at a redemption price equal to their principal amount, together with accrued interest thereon, on 28th June, 1991 the next interest payment date.

The Notes may be surrendered for payment at the specific office of any of the Paying Agents, which are as follows:

Morgan Guaranty Trust Company of New York
PO Box 161
1 Angel Court
London EC2R 7AE

Morgan Guaranty Trust Company of New York
30 West Broadway
New York, New York 10015
Attn: Corporate Trust Operations

Banque Internationale
a Luxembourg S.A.
2 Boulevard Royal
L-2593
Luxembourg

The Redemption Price will be paid upon presentation and surrender, on or after 28th June, 1991. Such payment will be made (i) in Sterling at the specified office of the Paying Agent in London or (ii) any specified office of any Paying Agent listed above by Sterling cheque drawn on, or at the option of the holder by transfer to a Sterling account maintained by the payee with a Town Clearing branch of bank in London. On or after 28th June, 1991 interest shall cease to accrue on the Notes.

HMC MORTGAGE NOTES 1 PLC

By: Morgan Guaranty Trust Company of New York, as Principal Paying Agent

Dated: 28th May, 1991

NOTICE

Withholding of 20% of gross redemption proceeds of any payment made within the United States is required by the Interest and Dividend Tax Compliance Act of 1983 unless the paying agency has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the Payee. Please furnish a properly completed Form W-9 or exemption certificate or equivalent if presenting your Notes to the paying agency's New York Office.

CVAS 12 LIMITED
Secured Floating Rate Notes due 1994
Interest Rate 8.475% p.a. Interest Period May 28, 1991 to November 28, 1991. Interest Payable per US\$100,000 Note US\$8.2542.
May 28, 1991, London
By Citibank, N.A. (CSSI Dept.), Agent Bank

Lloyds Eurofinance N.V.
(Incorporated in the Netherlands with limited liability)
£200,000,000
Guaranteed Floating Rate Notes Due 1994
For the three months May 24, 1991 to August 23, 1991, the interest rate will be 11.625% p.a. with a coupon amount of £144.91, in respect of £100,000 nominal of the Notes and £774.57, in respect of £25,000 nominal of the Notes payable on August 23, 1991.
Citibank, N.A. (CSSI Dept.) London, Agent Bank

The Tokai Bank, Limited
Subordinated Floating Rate Notes Due 2000
Interest Rate 6.3825%
Interest Period 28th August 1991 to 28th August 1991
Interest Accrues from 28th August 1991 per U.S. \$10,000 Note U.S. \$1,020.00
U.S. \$10,000 Note U.S. \$1,020.00
Citicorp Bank, N.A. (CSSI Dept.) London, Agent Bank

Lewis's sells store lease

DEBENHAMS, the department store chain owned by the Burton Group, is buying the lease of the Lewis's store in Glasgow, writes Maggie Urry.

This will give Debenhams, which has 84 department stores including four in Scotland, its first shop in that city. Lewis's was an 11-store chain which went into receivership

in February. Debenhams is in discussions with Grant Thornton, the receivers for Lewis's, about the purchase of the business of the store which has continued trading.

Five stores were sold in March and Grant Thornton also said it hoped there would be news on further store sales soon.

Three water companies' results

Three water companies - Folkestone & District, Suffolk and Cambridge - have reported results for the 15 months to March 31 1991.

Folkestone's pre-tax profits, the first full set of figures since privatisation, amounted to £1.68m on turnover of £8.79m.

Because of the change of accounting period there are no comparable figures but in the year 1989 the company reported profits of £427,000 from turnover of £5.7m.

Suffolk Water turned in pre-

tax profits of £402m from turnover of £16.31m.

A final dividend of 16.25p makes a total of 37.35p and comes from earnings of 72p.

Profits in the foregoing 12 months were £2.27m struck on turnover of £9.58m.

Cambridge Water showed pre-tax profits of £1.75m from turnover of £13.33m.

The final dividend is 20p making 82p.

In the previous 12 months pre-tax profits were £1.08m on turnover of £8.88m.

U.S.\$900,000,000
Floating Rate Subordinated Loan Participation Certificates due 2000
Issued by Salomon Brothers Aktiengesellschaft for the purpose of financing a subordinated loan to
The Mitsubishi Bank, Limited
Notice is hereby given that for the three months interest period from 28th May, 1991 to 28th August, 1991 the Certificates will carry a Coupon Rate of 6.3125% per annum.
Coupon payable on 28th August, 1991 will amount to: US\$1,613.19 per US\$100,000.00 Certificate and US\$16,131.90 per US\$1,000,000.00 Certificate, respectively.
Mitsubishi Bank (Europe) S.A.
As Agent Bank

CITICORP
U.S.\$350,000,000
Subordinated Floating Rate Notes Due August 14, 2011
Notice is hereby given that the Rate of Interest has been fixed at 6.1875% p.a. and that the interest payable on the relevant Interest Payment Date August 28, 1991 against Coupon No. 20 in respect of US\$10,000 nominal of the Notes will be US\$1,581.33 and in respect of US\$250,000 nominal of the Notes will be US\$3,953.13.
May 28, 1991, London
By Citibank, N.A. (CSSI Dept.), Agent Bank

Ente Nazionale per l'Energia Elettrica (ENEL)
Yen 10,000,000,000
Guaranteed Floating Rate Notes Due 1992
Unconditionally and irrevocably guaranteed as to payment of principal and interest by
The Republic of Italy
Notice is hereby given that the Rate of Interest has been fixed at 7.15% and that the interest payable on the relevant Interest Payment Date November 28, 1991 against Coupon No. 8 in respect of ¥10,000,000 nominal of the Notes will be ¥4360,438.
May 28, 1991, London
By Citibank, N.A. (CSSI Dept.), Reference Agent CITIBANK

Prices for electricity delivered for the purpose of the electricity supply and distribution in England and Wales			
Regional Area	Period	Price per kWh	Price per kWh
North	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
North West	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
Yorkshire and the Humber	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
East of England	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
London	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
South East	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
South West	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
West Midlands	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
East Midlands	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00
	12 hour	10.00	10.00

مركز الأعمال

COMPANIES AND FINANCE

Japanese trust banks' business profits dive 54%

By Neil Weinberg

JAPAN'S seven trust banks reported a 54.9 per cent drop in combined business profits and a 57.5 per cent fall in pre-tax profits in the year to the end of March.

Business profits, a measure of profits from banking operations, fell for the second consecutive year and showed the sharpest loss since fiscal 1984. The banks blamed higher interest rates and funding costs, combined with declines in margins on loans.

Commission profits also fell sharply due to the sluggish stock and real estate markets. Losses on bond trading rose 38.5 per cent above the previous year's level, to ¥354bn (\$1.82bn). Pre-tax revenues, the equivalent of sales, climbed 11.8 per cent to ¥7,989bn.

Profits from sales of securities rose 11 per cent to a record high of ¥435.4bn. The trust banks undertook some of the sales to cover losses from other operations. This resulted in a 23 per cent decline in latent

profits, or the difference between the book and higher market value of their securities portfolios.

Mitsui, with the highest latest profits, reported a decline to ¥1,582bn from ¥1,814bn one year earlier.

Four of the trust banks suffered declines in their capital-to-asset ratios. The figures fell to 10.3 per cent for Sumitomo and Mitsubishi, 10.4 per cent for Tokai and 12.9 per cent for Daiwa.

The Japanese car market has slowed in recent months, but Mitsubishi has defied the trend with the success of its luxury class Diamante, voted "car of the year" in Japan last year, which it has begun exporting to the US.

However, the company expects that the troubled US car market and the softer conditions at home will mean a marginal increase in pre-tax profit to ¥50.8bn.

Toyota, one of Japan's leading railway companies and the core of the Tokai group, posted a weak 1.8 per cent rise in pre-tax profits to ¥18.7bn and 1.6 per cent in after-tax profits to ¥6.73bn for the year to the end of March.

Sales for the year climbed 11.0 per cent to ¥277.7bn, supported by growth in real estate operations, but higher interest rates took their toll on profits.

JAPANESE COMMERCIAL BANK RESULTS (Ybn)

(Year-to-year percentage comparisons in brackets)

	Pre-tax Profit	Business Profit	After-tax Profit	Capital ratio (%)
Sumitomo	251.8	288.1	198.5	8.67
	(-26.7)	(-4.7)	(-22.3)	(8.44)
Sanwa	226.7	210.2	123.2	8.5
	(-26.1)	(-13.4)	(-16.8)	(8.44)
Fuji	205.9	173.5	110.8	9.08
	(-30.6)	(-17.5)	(-18.7)	(8.24)
DKB	190.9	160.1	100.1	8.75
	(-35.4)	(-11.3)	(-35.6)	(8.28)
Mitsubishi	184.0	161.2	98.4	8.7
	(-32.1)	(-1.1)	(-35.7)	(8.40)
Taiyo Kobe	170.3	98.7	91.1	7.35
	(-21.0)	(-25.4)	(-35.6)	(7.05)
Tokai	112.2	74.5	59.3	8.05
	(+8.2)	(+535.3)	(+9.8)	(7.72)
Kyowa Saitama	108.5	105.7	58.1	8.9
	(-4.2)	(-17.8)	(-3.2)	(8.78)
Daiwa	87.4	50.5	35.1	8.82
	(+41.1)	(-40.0)	(-8.2)	(8.41)
Bank of Tokyo	88.2	144.8	81.4	8.12
	(-4.9)	(+95.7)	(+1.0)	(8.02)
Tokaijin	35.8	27.4	17.8	8.7
	(-20.4)	(-18.9)	(-14.7)	(8.33)

Capital ratio figures that appear in brackets represent merger between Kyowa Bank and Saitama Bank on April 1, 1991. The figures are combined from the separate results of the two banks. Business profit is profit from core banking activities, excluding trading profits etc.

Mitsubishi Motors 21% ahead but sees flat year

By Robert Thomson in Tokyo

MITSUBISHI Motors Corporation, the Japanese car maker, boosted pre-tax profits 21.1 per cent to ¥50.2bn (\$362.2m) in the year to end-March. It attributed the rise to the successful introduction of several new models, but it expects sluggish markets will keep profits flat this year.

The company reported a 14.2 per cent increase in sales to ¥2,333.8bn, but predicts sales this year will be only slightly higher at ¥2,450bn.

The Japanese car market has slowed in recent months, but Mitsubishi has defied the trend with the success of its luxury class Diamante, voted "car of the year" in Japan last year, which it has begun exporting to the US.

However, the company expects that the troubled US car market and the softer conditions at home will mean a marginal increase in pre-tax profit to ¥50.8bn.

Mazda Motor, another Japanese car maker, reported a 2 per cent increase in pre-tax profit to ¥49.1bn for the past year, but the company expects tougher market conditions will mean a 28.5 per cent fall in profits this year.

Sales for the year to end-March were ¥2,335.7bn, up from ¥2,045bn, and are expected to increase by 4.7 per cent this year.

Daihatsu Motor reported an 18.2 per cent increase in pre-tax profit to ¥13bn in the year to end-March, but it also predicts that profits will remain unchanged this year. Sales last year rose 13.4 per cent to ¥787.5bn, and a 1.6 per cent increase is expected during the current period.

Fondriaria and San Paolo bank in insurance venture

By Haig Simonian in Milan

FONDIARIA, the big Italian insurer, and Istituto Bancario San Paolo di Torino, the country's largest bank, are joining forces in a new joint-venture insurance company.

Fondriaria's Milano Assicurazioni unit will pay L50bn (\$82.5m) for a 50 per cent stake in the venture, to which San Paolo will contribute Cidas, Sipea and Polaris Vita, its three insurance operations.

Separately, Milano Assicurazioni will raise L106.5bn via a two-for-five rights issue of new

ordinary and savings shares. It will also make a two-for-five scrip issue of shares in each category.

As part of the deal, San Paolo will market Fondriaria group insurance products via its extensive branch network.

The agreement should help to resolve the problems at San Paolo's insurance operations, previously run jointly with Guardian Royal Exchange (GRE) of the UK.

GRS pulled out after the three insurers reported a 24m

(¥78.6m) loss. The accord will also end a lengthy period in which Fondriaria has been searching for a substantial banking partner for its bank-insurance strategy.

Fondriaria, the holding company constituted last year as part of the group's restructuring, has raised its dividend to L600 a share from L500.

Group net profits in 1990 rose marginally to L115bn in 1990, from L118bn reported in 1989 by Fondriaria Spa, which is now an operating subsidiary

Pinault sets out terms for Conforama

By William Dawkins in Paris

PINAULT, the French timber, electrical distribution and trading group, has unveiled the terms under which it is to pay up to FF4.4bn (\$750m) for control of Conforama, France's largest furniture chain.

The complex two-stage deal will create a group with FF4.9bn of sales and boost the cash balances of Mr Bernard Arnault, chairman of the LVMH luxury goods group, who controls Conforama via the Bon Marché stores group.

Bon Marché is to sell to a Pinault unit, equity warrants and new Bon Marché shares worth between FF1.1bn and FF1.44bn, at FF1.018 a share, a 25 per cent premium on market prices.

The Pinault unit, Compagnie Internationale d'Aménagement, will then exchange its Bon Marché shares for a stake of at least 70 per cent in Conforama.

Banesto wins accounting row against authorities

By Tom Burns in Madrid

BANESTO, the big commercial bank which controls Spain's largest privately-owned industrial conglomerate, has won a victory over the Bank of Spain concerning provisions for the 1990 falls in the market value of its industrial assets.

It has also forced the monetary authorities to modify the guidelines by which domestic banks consolidate their balance sheets.

Mr Mario Conde, chairman, presented consolidated pre-tax group profits to the annual shareholders' meeting that had previously been questioned by the Bank of Spain on the grounds that provisions had been passed through reserves instead of through the profit and loss account.

The presentation indicated that the Bank of Spain had retreated from its position. It said yesterday norms for the financial sector, which reflect changed rulings introduced this year by the economy min-

istry and which allow Banesto's provisions to bypass the profit and loss account, would be published later this week.

Mr Conde announced profits of Pta74.5bn (\$896m) for the bank's financial group in 1990, a 56 per cent increase on the previous year. Banesto, the parent bank, raised its profits by 10.4 per cent to Pta33bn and will be repeating last year's dividend of Pta200 per share.

The financial group's balance sheet includes a Pta84bn item that is noted as a "harmonisation adjustment" to account for share price losses in its conglomerate, the Corporación Industrial. However, this item is taken against reserves and makes no impact on the vastly-improved consolidated profit. Had the provisions been passed through the profit and loss account, as the Bank of Spain had originally insisted, the group's profits would have been reduced to Pta10bn.

BP in talks on Petromed stake

BRITISH PETROLEUM is negotiating the acquisition of a major stake in Petromed, Spain's second largest private oil refiner which is controlled by the commercial bank Banesto's industrial conglomerate, Banesto sources said, writes Tom Burns.

The negotiations come in the wake of a wide-ranging agreement involving the Banesto

parent bank, its conglomerate and its insurance company Unión y Fenix with France's state-owned AGF insurance group.

The oil company talks follow a 1988 joint venture that allowed BP to market its products through Petromed and reportedly gave it an option for a future shareholding in the Banesto company.

De Beers Consolidated Mines Limited

(Incorporated in the Republic of South Africa)
Registration No. 11/0007/06

NOTICE OF DIVIDENDS DECLARED ON PREFERENCE SHARES

DECLARATION OF DIVIDEND NO. 154 ON THE 40 PER CENT CUMULATIVE PREFERENCE SHARES OF R5.00 EACH

Dividend No. 154 of one rand (R1.00) per share in respect of the six months ending 30 June 1991, has been declared payable to the holders of the 40 per cent cumulative preference shares registered in the books of the Company at the close of business on Friday, 28 June 1991, and to persons presenting coupon No. 154 detached from the preference share warrants to bearer. A notice regarding payment of dividends on coupon No. 154 detached from share warrants to bearer will be published in the press by the London Secretaries of the Company on or about Friday, 21 June 1991.

DECLARATION OF DIVIDEND NO. 32 ON THE 8 PER CENT CUMULATIVE

SECOND PREFERENCE SHARES OF R1.00 EACH

Dividend No. 32 of 4 cents per share in respect of the six months ending 30 June 1991, has been declared payable to the holders of the 8 per cent cumulative second preference shares registered in the books of the Company at the close of business on Friday, 28 June 1991.

For the purpose of these dividends the preference share transfer registers and the preference share sections of the register of members will be closed from Saturday, 29 June 1991 to Friday, 12 July 1991, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom transfer offices on or about Monday, 5 August 1991. Registered shareholders paid by the United Kingdom Registrars will receive their dividend in United Kingdom currency converted at the rate of exchange applicable on Monday, 1 July 1991, less appropriate taxes. Any such shareholders may, however, elect to be paid in South African currency, provided that the request is received at the Company's transfer offices in Johannesburg or the United Kingdom on or before Friday, 28 June 1991.

The effective rate of non-resident shareholders' tax is 15 per cent. The dividends are payable subject to conditions which can be inspected at the Head and London offices of the Company and also at the Company's transfer offices in Johannesburg and the United Kingdom.

By order of the board
H. J. CRANKSHAW
Secretary

Head Office:
36 Stockpile Street
Kimberley 9301

London Secretaries:
Anglo American Corporation
of South Africa Limited
40 Holborn Viaduct,
London EC1P 1AJ

De Beers
De Beers Consolidated Mines Limited

Transfer Secretaries:
Consolidated Share Registrars Limited
Fleet Floor, Edura
40 Commissioner Street
Johannesburg 2001
(PO Box 61081)
Marshfield 2107
Barclays Registrars Limited
Bourne House, 34 Beckenham Road
Beckenham, Kent BR3 4TU

24 May 1991

U.S. \$400,000,000

Banque Française

Du Commerce Extérieur

Guaranteed Floating Rate

Notes due 1997

For the three months May 29, 1991 to August 28, 1991, the Notes will bear interest at 6% per annum. U.S. \$181.32 will be payable on August 28, 1991, per U.S. \$100,000 principal amount of Notes.

By The Chase Manhattan Bank, N.A.
London, Agent Bank

May 28, 1991

Banque Indosuez

U.S. \$200,000,000

Floating Rate

Notes due 1997

For the three months 28th May, 1991 to 28th August, 1991 the Notes will carry an interest rate of 6% per annum and coupon amount of U.S. \$162.92 per U.S. \$100,000 Note, and U.S. \$4,072.92 per U.S. \$250,000 Note.

Listed on the Luxembourg Stock Exchange

Bankers Trust
Company, London, Agent Bank

¥6,000,000,000

Floating Rate

Depository Receipts

Due 1993

Issued by the Law Debenture Trust Corporation, J.C. evidencing entitlement to payment of principal and interest in respect of deposits with

Istituto Bancario

San Paolo Di

Torino

(Incorporated in the Republic of Italy as a Credit Institution of Public Law)
London Branch

Notice is hereby given that the Rate of Interest for the Interest period from 26th May, 1991 to 26th November, 1991 is 7.15% per annum. Interest payable on 26th November, 1991 will amount to ¥3,604,384 per ¥100,000,000 principal amount of the Notes.

Agent Bank
The Long-Term Credit Bank
of Japan, Limited
Tokyo

Mechanical engineering + electronics
Mannesmann's decisive edge

Mannesmann Fichtel & Sachs
develops active suspension systems
which automatically adapt both
the driving situation and road
conditions.



Road test via computer

Today's electronics are determining the speed of automobile progress by making cars safer, more comfortable and environment-friendly. By streamlining development work and production processes for better quality results—sooner. As a major supplier of power train and suspension systems, Mannesmann Fichtel & Sachs also has a big stake in electronics. Computer-calculated geometries and optimal material utilization, simulated motion sequences on models of the com-

plete vehicle, communication with car manufacturers via data networks—from the development phase through to assembly.

Trendsetters: electronic damping force adjustment, "active" suspension, and the intelligent clutch system in which electronics and sensors plus servomotor operate the clutch. The green light—for extra safety and comfort in tomorrow's cars.

Mannesmann builds plants and machinery, makes parts and components for the automotive industry, manufactures hydraulic, pneumatic and electrical drives and controls, develops and supplies measurement, automation and information technology, produces steel tube and pipe, provides services and trades on a worldwide scale. Income from sales earned by its 124,000 employees lies in the region of DM 23.9 billion.

Mannesmann AG
D-4000 Düsseldorf 1

mannesmann technology

INTERNATIONAL CAPITAL MARKETS

INTERNATIONAL LENDING

Federconsorzi puts cloud over Italians

THE uncertainty surrounding the financial status of Federconsorzi, the state-run Italian agricultural co-operative, could yet cast a pall over other Italian groups in the international bond market.

Italian borrowers have this year provided one of the few signs of activity in a fairly quiet market. The takeover of the agency by three government administrators on May 17 will at the very least — make lenders to Italian agencies think much harder about credit risk.

Even before the three commissioners moved in, Federconsorzi was run by government-appointed managers and its losses had already been covered by the Italian government. Foreign banks seem to have assumed this was the equivalent of a government guarantee. They should have known that as a limited liability company, whose ownership was in the hands of the various agricultural consortia around the country, the agency was not state-owned and could theoretically go bankrupt.

The agency has two syndicated loans outstanding to foreign banks — totalling Ecu285m — out of total borrowings equivalent to about Ecu2.5bn (\$3bn). Some Ecu80m is left of an Ecu200m loan signed in February 1988, at a slim interest margin of 0.2 per cent over interbank rates. Sumitomo Bank was the leading foreign bank on that transaction, while Mitsubishi Bank took the leading position (along with Banca Nazionale del Lavoro) in an Ecu200m seven-year loan signed in January last year.

EUROMARKET TURNOVER (\$m)

Primary Markets	Strategic	Core	FRN	Other
US\$	1,152.6	6.0	150.0	12,113.7
YTD	2,231.0	34.0	70.0	25,294.0
Other	2,040.3	44.3	24.1	8,797.7
Pre	2,925.2	6.0	175.0	36,764.6

Source: ABB

Week to May 23, 1991

The margin was 0.25 per cent. It is not clear what the status of these loans, and there are hopes among foreign banks that they will be paid in full. They may learn more at a creditors' meeting this week. According to one foreign bank leader, "a political decision brought the problem about, and it should be resolved by a political decision".

Although the sums are relatively small, the impact on Italy could be significant. However, the issue is resolved, its state-run and state-owned agencies are heavy users of the international banking markets. Only this week, at least two deals were signed for Italian financial institutions, and another launched. Some agencies are state-owned, others are not state-owned but covered by public law which means that they cannot go bankrupt. The various *mediocredito* institutions fall into this category.

"There has been insufficient credit differentiation by foreign banks of Italian borrowers. If a more sensible differentiation is made in terms of pricing, then some good will have come out of it," said one banker in Rome last week. Confidence among international banks is growing modestly, and some banks which almost halted new international lending last year are re-emerging as cautious lenders. However, credit decisions are usually made these days by a remote and senior credit committee. Some are still very jittery and, rightly or wrongly, may see it as appropriate to reduce their exposure to the Italian market as a whole. If, as is suggested, the Bank of Italy and the finance ministry are worried about the impact of the affair, they are probably right to be.

● The second sizeable management buy-out in a month in the UK will test the appetite of banks for such transactions. Tiscotti, Cider is effecting a £72.5m MBO. Samuel Montagu has underwritten the nearly £60m of senior debt and £7.5m of the higher-risk mezzanine debt, with Morgan Grenfell Development Capital taking £24m of equity. The excess will cover working capital needs.

Stephen Fidler

INTERNATIONAL BONDS

Attention switches from France to Spain and Italy

THE FOCUS of bond market activity in Europe has shifted from the centre to the periphery. Investors have embraced the idea that monetary ties within Europe will force bond yields towards those of Germany, the anchor of the European monetary system.

So far, faith in convergence has been rewarded. In the late 1980s, the pioneers of convergence-led investment strategy favoured the French government bond market. From negligible levels in 1986, overseas accounts now hold around 16 per cent of long-dated French government bonds.

Since 1986 the yield spread of 10-year French government bonds over the German market fell from 400 basis points to around 50 basis points. However, the French market may now be "played out" as a converging market. The Dutch experience suggests that yields will not fall below those of Germany, even if the economic fundamentals are sound.

Dutch bond yields have failed to fall below German yields, despite the fact that the

guilder is fixed within a 1 per cent band to the D-Mark, the Dutch inflation rate is lower, and the central bank follows the Bundesbank in monetary policy.

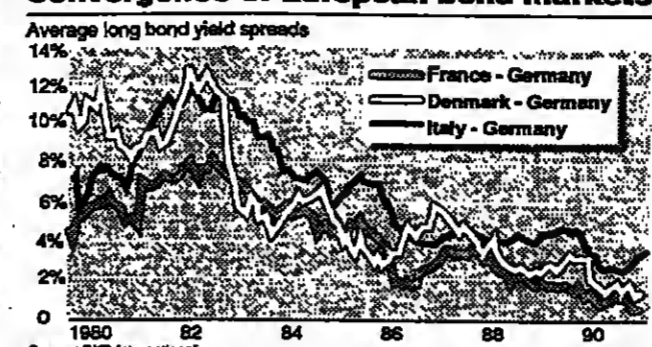
In addition, events of the last week provide a vivid illustration of the fact that the general principle of convergence does not rule out long periods of widening yield spreads.

The French bond market was unsettled by the arrival of new prime minister Mrs Edith Cresson, and the 10-year yield spread against the German market widened by 20 basis points to 70 basis points.

Hence attention has switched to other higher-yielding markets of Europe. The Spanish and Italian bond markets have been the primary recipients of overseas money — in the extent that the peseta and lira have been pushed to the top of the European exchange rate mechanism.

Last year the Bank of Spain forbade foreign borrowers to issue peseta-denominated securities in an attempt to relieve pressure on its currency.

Convergence of European bond markets



However for those at the forefront of convergence-led investment, even these markets are old hat. The more adventurous are allocating funds to markets as far from the ERM core as Portugal, Finland, and Sweden.

Even those countries formally outside the ERM are following policies which make bond market convergence highly likely.

Sweden's decision to link its

currency to the Ecu is a case in point, prompting an unprecedented three kronor-denominated Eurobond issues last week. Finland's central bank allowed the market to fall below its key intervention rates on the foreign exchange markets, leading to speculation that it would follow the Swedish example.

For believers in convergence, Portuguese escudo bonds offer the best value — offering the

highest yields and the greatest potential gains. Even net of withholding tax, five-year government bonds offer yields in excess of 15 per cent. A Ecu100 government bond auction last week met with clamorous overseas demand.

While it is not expected to join the ERM until next year, the Portuguese currency has traded within a 2 1/2 per cent band against the Ecu since the beginning of 1990. "This is a classic convergence trade," said Mr Steve Major, bond analyst at UBS Phillips and Drew.

However, there are risks and limits to an investment strategy based on an expectation of converging bond yields.

The main risk may be political. Investors' acceptance of convergence has flowed from the promise of European economic and monetary integration on the political agenda. A political schism on the progress of union would throw the whole process of bond market convergence into doubt.

Another risk is that currencies will be realigned within

Simon London

NEW INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Book runner	Offer yield %
US DOLLARS							
PT Indocem Tunggal (a)s	100	2001	10	(6 1/2-7)	100	Goldman Sachs	-
Trigem Computer (b)s	30	2005	14 1/2	3 1/2	100	Nomura Int.	3.500
Japan Highway Public Corp	300	2001	10	8 1/2	98.34	IBJ Int.	8.727
E.I. Du Pont (c) (d) (e)	300	1998	7	8 1/2	100.00	CSFB	8.325
Canon Inc. (d) (f)	370	1995	4	4	100	Yamaichi Int.	4.000
Cariplo (London Branch) (g)	200	1998	7	8 1/2	101 1/2	Nomura Int.	8.500
Toto Construction	100	1998	5	4 1/2	100	Nomura Int.	4.000
Total Kyoto Co. (h) (i)	100	1995	2	7 1/2	100.05	SG Warburg Secs.	8.727
Council of Europe	200	1998	2	7 1/2	100.05	Nikko Secs.	-
Nippon Chemi-Con Corp (j) (k)	80	1998	5	(0)	100	-	-
STERLING							
Bradford & Bingley (l) (m)	100	1995	4	(0)	100	UBS Phillips & Drew	10.598
Toyota Motor Fin. (n) (o)	100	1994	3	11	101.0675	Nomura Int.	-
ECU							
Ford Motor Credit Co. (p)	125	1998	5	9 1/2	101	Deutsche Bk Cap.Mkts.	8.241
Eurofina (q) (r)	80	1998	7 1/2	8 1/2	88	UBS Phillips & Drew	8.588
FRENCH FRANCS							
Beghin-Seyn (s) (t)	455	1998	7 1/2	7 1/2	100	Credit Lyonnais	7.250
Credit du Nord (u)	300	1998	8	8 1/2	98.80	Paribas Cap.Mkts.	9.287
Compagnie Bancaire (v) (w)	700	1994	3	9 1/2	101 1/2	Credit Lyonnais	9.008
AUSTRALIAN DOLLARS							
IBM Australia Credit	100	1998	5	11	101 1/2	Hambros Bank	10.598
D-MARKS							
Canac Inc. (d) (f)	300	2001	10	8 1/2	100 1/2	WestLB	8.731
Dresdner Finance BV (g) (h)	800	1995	4	4	100	Deutsche Bank	4.000
Dresdner Finance BV (i) (j)	100	1995	4	12 1/2	(0)	Dresdner Bank	-
Milano Co. (k)	100	1995	4	4	100	Nomura Europe GmbH	4.000
NEW ZEALAND DOLLARS							
State Bk of NSW	50	1997	8	10	101.30	Hambros Bank	9.704

Thyssen informs:

On Stable Ground

Interim Report on the First Six Months of 1990/91
from October 1, 1990 to March 31, 1991*

Thyssen Worldwide	first six months:	1989/90	1990/91
External sales	DM billion	16.8	17.7
Pretax profit	DM million	705	470
Net income	DM million	363	227
Capital expenditures	DM million	1,660	1,230
Order intake	DM billion	18.6	19.1
Work force on March 31		146,828	147,801

*unaudited

Development of Sales

Thyssen achieved during the period under review once again a high business volume. External sales rose by 6% due to the acquisition of the Otto Wolff group, the formation of Thyssen Haniel Logistic and further changes in the group of consolidated companies most of which took place in the second half of 1989/90. Included among the consolidated companies for the first time were six subsidiaries of Thyssen Handelsunion located in eastern Germany.

Sales by the capital goods and manufactured products business group exceeded the previous year's level by altogether 11%. Thyssen Industrie showed a strong growth in sales of 22%, with all its business sectors contributing, in particular the two shipyards. Now that the railroad transportation technique and the transmission manufacturing are no longer part of Thyssen Henschel, this sector was the only one to show a lower volume of sales.

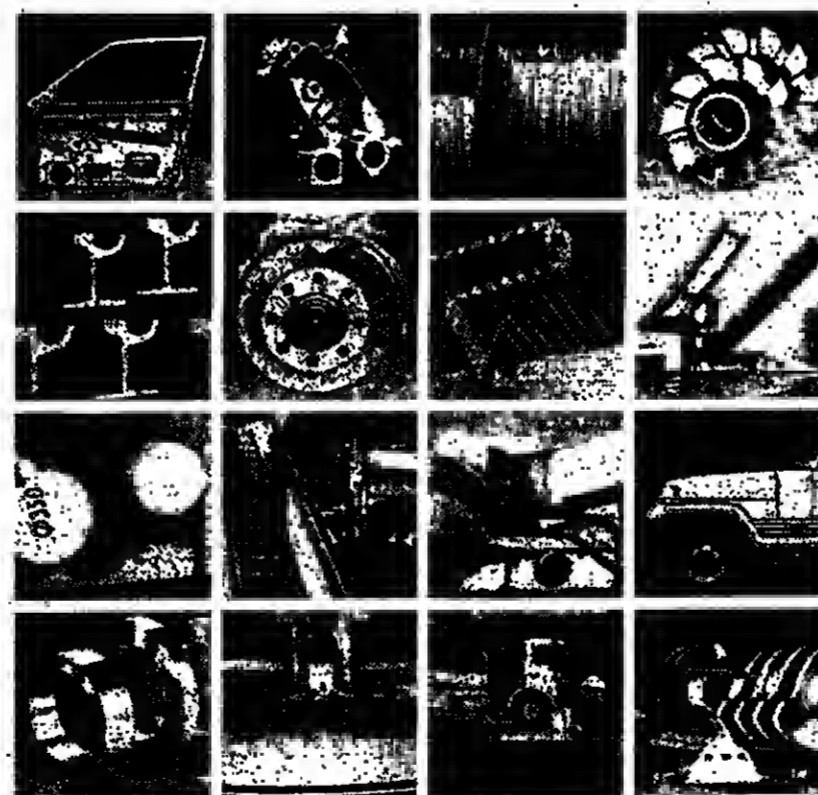
As a supplier of automotive parts, The Budd Company is severely affected by the downturn in the American automotive industry. Budd's US-dollar

sales during the period fell 8% below the level of the previous year. Sales by Rheinische Kalksteinwerke increased by 2%.

The sales of the trading and services business group rose by 25%. Weaker product trading outside of Germany was more than offset by services with a high value-added offering. The expansion of the logistics activity was the main contributing factor to the sales increase. The consolidated companies and branches of Thyssen Handelsunion in eastern Germany achieved sales of DM 375 million during the period under review.

The specialty steel business group showed a sales decline of 13%. The markets for long products and bright steel continued to worsen; greater competitive pressure, above all from abroad, is impeding the generation of adequate revenues. In contrast, order intake for flat steel during the period was slightly above the previous year's level. In general, export demand is weaker.

Sales in the steel business group were 23% higher than in the previous year. This is exclusively due to the



first-time incorporation of those Otto Wolff companies assigned to the steel business group. Cyclically, shipments and prices of steel declined. Additionally overshadowing the market are the problems of the Eastern European steel industries.

Among the shareholdings of Thyssen AG, only the pro rata sales of Dolomitwerke are stated. The Otto Wolff group companies including Rasselstein and EBG have been assigned to the respective business groups as of October 1, 1990.

Work Force

At the end of March 1991, Thyssen Worldwide employed almost 148,000 people. 121,000 of these were working for the companies in the Federal Republic of Germany, including 3,000 employees at consolidated companies and branches in eastern Germany. Foreign companies employed

just under 27,000 people. The pronounced changes in the business groups are attributable in particular to the new allocation of the Otto Wolff companies, the formation of Thyssen Haniel Logistic and the spin-off of Thyssen Henschel's locomotive and wagon manufacturing activities.

Work force	March 31, 1990	March 31, 1991
Capital goods and manufactured products	61,398	57,928
Trading and services	19,307	28,915
Specialty steel	15,168	14,528
Steel	41,777	45,143 ¹⁾
Shareholdings of Thyssen AG	8,795 ²⁾	891 ³⁾
Thyssen AG	385	396
Thyssen Worldwide	146,828	147,801

¹⁾ Including Rasselstein, EBG Gesellschaft für elektromagnetische Werkstoffe, Stahlwerke Bochum, Otto Wolff AG, Eisen- und Hüttenwerke, Otto Wolff Flachtisch.
²⁾ Dolomitwerke pro rata, consolidated group Otto Wolff (as of January 1, 1990), Rasselstein, EBG Gesellschaft für elektromagnetische Werkstoffe, Stahlwerke Bochum.
³⁾ Dolomitwerke pro rata.

Capital Expenditures

During the first half of 1990/91, Thyssen invested more than DM 1.2 billion. The comparable DM 1.7 billion of the previous year contained high additions to fixed assets in connection with the extension of the group of consolidated companies, in particular

due to the acquisition of the Otto Wolff group. Ongoing tangible asset expenditures on updating production and warehousing facilities and building new production lines were, at DM 1.1 billion, higher during the period under review than in the previous year.

Result

The income position of Thyssen Worldwide was satisfactory during the period, but failed to match the

good level of the previous year. Pretax profits came to DM 470 million, net income reached DM 227 million.

Guaranteed Dividends

Thyssen Industrie increased orders received by 4%. Profits showed a gratifying improvement. Stockholders of Thyssen Industrie AG are guaranteed a dividend amounting to 1/4 of the Thyssen AG dividend. Likewise the stockholders of Edeltahlwerk Witten AG and Stahlwerke Bochum AG, both of which companies no longer carry out any business, receive a

guaranteed dividend pegged to the dividend paid by Thyssen AG. In the case of Stahlwerke Bochum, for DM 100 share of stock this is two-thirds of the dividend paid on DM 100 of the capital stock of Thyssen AG — however, at least DM 6. The stockholders of Edeltahlwerk Witten receive for DM 100 share of stock the same dividend as for two DM 50 shares of Thyssen AG.

Order Situation

Despite a poorer overall climate, Thyssen Worldwide during the first half of fiscal 1990/91 again booked a high level of

order intake. The previous year's figure was exceeded by 2%. At the end of March, orders on hand reached DM 14.4 billion.

Outlook

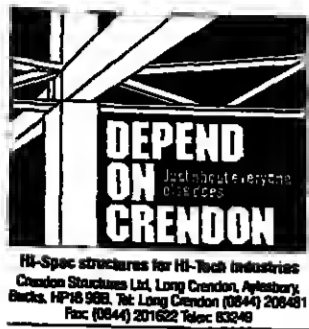
The expectations for the months ahead continue to be restrained. The upswing in the world economy is flattening out. Weaknesses are evident above all in the Anglo-Saxon countries. Compounding the situation is the collapse in Eastern Europe. Mainstays of the

international economy continue to be, in particular, Japan and West Germany, although here, too, dynamism is decelerating. With Thyssen's high level of orders on hand, a stable sales and income situation can be expected also for the second half of 1990/91.



THYSSEN AKTIENGESELLSCHAFT

¹⁾ Including Rasselstein, EBG Gesellschaft für elektromagnetische Werkstoffe, Stahlwerke Bochum, Otto Wolff AG, Eisen- und Hüttenwerke, Otto Wolff Flachtisch.
²⁾ Dolomitwerke pro rata, consolidated group Otto Wolff (as of January 1, 1990), Rasselstein, EBG Gesellschaft für elektromagnetische Werkstoffe, Stahlwerke Bochum.
³⁾ Dolomitwerke pro rata.



Offices plan

LAING YORKSHIRE has won a £15.4m contract to build offices for General Accident Life Developments in York. The building will provide five floors of offices and a ground level car park. Special features will include two glazed atria with scenic lifts and full air conditioning.

£26m Docklands housing

Recent contract awards for ALFRED MCALPINE CONSTRUCTION bring to nearly £26m the amount of new business secured in the South-East. The largest is a £26m contract from the Docklands Social Housing Group of Housing Associations (represented by the East London Housing Association) for 444 dwellings at Winsor Park, East Beckton, including an infrastructure package covering roads and sewers. Work on the development has already commenced and the contract will be carried out over a three-year period. Under a separate contract, the East London Housing Association has also awarded the company a £1.8m design-and-build contract for 25 sheltered

housing units at Dames Road, east London, to be built over 55 weeks. Elsewhere in London, progress is being made on another design-and-build contract for 152 units of low-cost housing at Cogan Avenue, Walthamstow. The £2m contract was awarded by the London Borough of Waltham Forest with the London and Quadrant Housing Trust and Solon Housing. At Stag Hill, Guildford, a £2m contract to supply 108 bed-sit accommodation units in six student residence blocks for the University of Surrey is under way. Each block will be of suspended pre-cast concrete beam construction on a block ground slab, resting on deep-bored piles.

BOVIS CONSTRUCTION, a P&O company, has been awarded a £22.5m contract to manage the construction of the new Glyndebourne Opera House for Glyndebourne Productions. Situated on the South Downs just outside the east Sussex town of Lewes, the present building is no longer large enough to cope with the potential audiences for the Festival Opera. The new opera house will maintain the same basic layout as the existing building but it will be larger, increasing seating capacity from 830 to 1,150. Improvements will also be made to the support facilities, giving more space and comfort

to performers as well as opera-goers. As the new building will occupy the same site as the existing one, construction work will be conducted in two phases to minimise disruption to Glyndebourne's annual 13 week season. The first phase, which starts in September, will include the demolition of ancillary buildings and the excavation and building of the semi-circular section housing the back stage area and dressing rooms. At the close of the 1992 festival the second phase will begin, during which Bovis will demolish the remainder of the old building and start work on the new auditorium, stage and

fly tower. This work includes excavating into the chalk hillside and building a concrete retaining wall and raft foundations from which will rise the main structure of load bearing brickwork with balconies and floors of precast concrete. The two semi-circular lead covered roofs will be constructed of steel trusses in a spoked formation. The curving external elevations of the new opera house will have a colonnade feature formed in faced brickwork pilasters, columns and arches. The works also include two integrated rehearsal buildings as well as an underground link to the Wallop restaurants.

Upgrading City premises

In a bid to create more office space WOOLFP CONSTRUCTION MANAGEMENT has been appointed construction managers by Kumagai Gumi (UK) in association with Ranelagh Developments for the £7.5m refurbishment of 35 Bloomsbury in the City of London. Preliminary work began at the end of November when the occupants, Standard Chartered Bank, vacated the premises and main construction work has recently started with completion scheduled for the autumn. The aim of the contract is to increase the lettable office space by infilling the top three floors of an eight-storey 25 metre high atrium to provide new lettable floor area and to

convert the staff dining room into offices. Structurally, the most demanding aspect of the contract will be to infill the atrium. The floor construction will consist of 15 metre long steel beams supported from the existing slab and in turn supporting metal decking and a lightweight reinforced concrete slab. The steel beams will be brought into the building at the 7th floor level by removing a section of curtain walling and hoisted into position using the atrium roof steel portal frame along with a portable telescopic crane which will be positioned in Crosby Square. Additional works will include the refurbishment of toilet cores on seven floors.

ABN-AMRO Holding N.V.

established in Amsterdam

At the annual general meeting of shareholders held on 17 May 1991, a dividend of NLG 2.90 per ordinary share of NLG 5 nominal value was declared for 1990. Part of this dividend has already been made payable in the form of an interim dividend of NLG 1.40, which may be taken at the shareholder's option either entirely in cash or as a cash payment of NLG 0.40 together with depositary receipts for preference shares chargeable to the share premium reserve of, if desired, to the general reserve, in the ratio of one preference share depositary receipt for every five ordinary shares held.

The final dividend of NLG 1.50 per ordinary share of NLG 5 nominal value may be taken at the shareholder's option either entirely in cash or as a cash payment of NLG 0.45 together with depositary receipts for preference shares chargeable to the share premium reserve or, if desired, to the general reserve, in the ratio of one preference share depositary receipt for every five ordinary shares held.

The dividend percentage on the preference share depositary receipts has been fixed at 9.5% of the nominal value of NLG 5, and will be applicable until 1 January 2001. As of 1 January 2001, and every ten years thereafter, the dividend percentage will be adjusted in accordance with article 38 of the Articles of Association of ABN-AMRO Holding N.V. The preference share depositary receipts rank fully for preference dividend for 1991 and ensuing financial years.

Payment in the form of preference share depositary receipts chargeable to the share premium reserve is exempt from Dutch withholding tax and income tax. If shareholders opt for payment chargeable to the general reserve, they will in principle be charged 25% withholding tax on the nominal amount of the payment.

Furthermore, the Managing Board has announced that the preference dividend of NLG 0.11875 per preference share of NLG 5 nominal value, representing a quarter of the preference dividend for the financial year 1990, will be made payable after deduction of 25% withholding tax.

As of 31 May 1991, the final dividend on ordinary shares will be payable at the following addresses:

Netherlands:	any office of: Algemene Bank Nederland N.V. and Amsterdam-Rotterdam Bank N.V.
Belgium:	any office of: Generale Bank, Bank Brussel Lambert N.V., Kredietbank N.V., Algemene Bank Nederland (Belgium) N.V.
Germany:	any office of: Deutsche Bank A.G., Commerzbank A.G., Dresdner Bank A.G., Westdeutsche Landesbank Girozentrale (Frankfurt, Düsseldorf and Hamburg, insofar as located there), Bayerische Hypotheken- und Wechselbank A.G. (Munich), Algemene Bank Nederland (Deutschland) A.G. (Hamburg), AMRO Handelsbank A.G. (Cologne).
United Kingdom:	Baring Brothers & Co. Ltd. (London), Algemene Bank Nederland N.V. (London, Manchester and Birmingham), Amsterdam-Rotterdam Bank (London).
France:	Banque de Neufilze, Schlumberger, Mallet S.A., Société Générale (Paris), Lazard Frères & Cie (Paris) any office of Banque Nationale de Paris.
Singapore:	The Development Bank of Singapore Limited, Algemene Bank Nederland N.V.
Switzerland:	any office of: Schweizerischer Bankverein, Schweizerische Bankgesellschaft, Schweizerische Kreditanstalt, M.M. Pictet & Cie (Geneva), Algemene Bank Nederland (Schweiz) A.G., AMRO Bank und Finanz (Zurich)

In connection with the above, NLG 0.45 and NLG 1.05, less 25% withholding tax, will become payable in exchange for dividend coupons nos. 3 and 4, respectively.

Shareholders opting for payment in the form of preference share depositary receipts chargeable to the share premium reserve or the general reserve will receive one new preference share depositary receipt of NLG 5 nominal value in exchange for every five dividend coupons no. 4. The closing date is 31 July 1991. After this date holders of dividend coupons no. 4 can obtain payment in cash only in the form of CF (Centrum voor Fondsenadministratie) certificates, in denominations of 1, 10, 100 and 1,000 shares of NLG 5 nominal value each. The preference share depositary receipts in respect of unexercised stock dividends will be sold.

Holders of CF certificates will receive the cash dividend, less 25% withholding tax, and their rights to preference share depositary receipts through the institutions where the dividend sheets belonging to their certificates were deposited at the close on business on 17 May 1991.

In respect of the exchange of dividend coupons no. 4, which must be provided with a company stamp on surrender, corporate members of the Amsterdam Stock Exchange Association will receive a commission in accordance with circular letter 90-56 of the Amsterdam Stock Exchange Association so that said exchange can be made free of charge to the holders.

Persons presenting dividend coupons no. 4 for exchange and requesting delivery of securities at offices other than those stated above may be charged commission.

Holders of registered shares and registered preference shares, whose names have been entered in the ordinary share register and preference share register, respectively, will be notified individually by the company of the amount of dividend payable to them.

As preference share depositary receipts are in issue in the form of CF certificates only, holders thereof will receive their preference dividend - less 25% withholding tax - as from 31 May 1991 through the institution where the dividend sheets belonging to their certificates were deposited at the close of business on 17 May 1991.

Amsterdam, 18 May 1991

Stichting Administratiekantoor
ABN-AMRO Holding

ABN-AMRO Holding N.V.

ABN-AMRO Holding N.V.

CONSTRUCTION CONTRACTS

Opera house at Glyndebourne

Upgrading City premises

NOTICE TO HOLDERS



Credit for Exports PLC

(Incorporated in England with limited liability)

Unsecured Floating Rate Notes due 1995 to 1992

NOTICE IS HEREBY GIVEN that pursuant to Condition 7(a) of the above mentioned Notes (the "Notes") Credit for Exports PLC will, on 1st July 1991, redeem U.S. \$17,330,000 in principal amount of the Notes at par and that the following Notes, identified by serial number, have been drawn by Royal Bank of Canada Europe Limited as Principal Paying Agent on behalf of The Law Debenture Trust Corporation p.l.c., the Trustee for the holders of the Notes, for redemption on such date:-

7	2720	3267	4857	0185	5741	6425	6836	7830	8210	9105	9720	10290	11048	11874	12135	12823	13003
18	2721	3268	4858	0186	5742	6426	6837	7831	8211	9106	9721	10291	11049	11875	12136	12824	13004
26	2722	3269	4859	0187	5743	6427	6838	7832	8212	9107	9722	10292	11050	11876	12137	12825	13005
35	2723	3270	4860	0188	5744	6428	6839	7833	8213	9108	9723	10293	11051	11877	12138	12826	13006
43	2724	3271	4861	0189	5745	6429	6840	7834	8214	9109	9724	10294	11052	11878	12139	12827	13007
46	2725	3272	4862	0190	5746	6430	6841	7835	8215	9110	9725	10295	11053	11879	12140	12828	13008
48	2726	3273	4863	0191	5747	6431	6842	7836	8216	9111	9726	10296	11054	11880	12141	12829	13009
51	2727	3274	4864	0192	5748	6432	6843	7837	8217	9112	9727	10297	11055	11881	12142	12830	13010
52	2728	3275	4865	0193	5749	6433	6844	7838	8218	9113	9728	10298	11056	11882	12143	12831	13011
53	2729	3276	4866	0194	5750	6434	6845	7839	8219	9114	9729	10299	11057	11883	12144	12832	13012
54	2730	3277	4867	0195	5751	6435	6846	7840	8220	9115	9730	10300	11058	11884	12145	12833	13013
55	2731	3278	4868	0196	5752	6436	6847	7841	8221	9116	9731	10301	11059	11885	12146	12834	13014
56	2732	3279	4869	0197	5753	6437	6848	7842	8222	9117	9732	10302	11060	11886	12147	12835	13015
57	2733	3280	4870	0198	5754	6438	6849	7843	8223	9118	9733	10303	11061	11887	12148	12836	13016
58	2734	3281	4871	0199	5755	6439	6850	7844	8224	9119	9734	10304	11062	11888	12149	12837	13017
59	2735	3282	4872	0200	5756	6440	6851	7845	8225	9120	9735	10305	11063	11889	12150	12838	13018
60	2736	3283	4873	0201	5757	6441	6852	7846	8226	9121	9736	10306	11064	11890	12151	12839	13019
61	2737	3284	4874	0202	5758	6442	6853	7847	8227	9122	9737	10307	11065	11891	12152	12840	13020
62	2738	3285	4875	0203	5759	6443	6854	7848	8228	9123	9738	10308	11066	11892	12153	12841	13021
63	2739	3286	4876	0204	5760	6444	6855	7849	8229	9124	9739	10309	11067	11893	12154	12842	13022
64	2740	3287	4877	0205	5761	6445	6856	7850	8230	9125	9740	10310	11068	11894	12155	12843	13023
65	2741	3288	4878	0206	5762	6446	6857	7851	8231	9126	9741	10311	11069	11895	12156	12844	13024
66	2742	3289	4879	0207	5763	6447	6858	7852	8232	9127	9742	10312	11070	11896	12157	12845	13025
67	2743	3290	4880	0208	5764	6448	6859	7853	8233	9128	9743	10313	11071	11897	12158	12846	13026
68	2744	3291	4881	0209	5765	6449	6860	7854	8234	9129	9744	10314	11072	11898	12159	12847	13027
69	2745	3292	4882	0210	5766	6450	6861	7855	8235	9130	9745	10315	11073	11899	12160	12848	13028
70	2746	3293	4883	0211	5767	6451	6862	7856	8236	9131	9746	10316	11074	11900	12161	12849	13029
71	2747	3294	4884	0212	5768	6452	6863	7857	8237	9132	9747	10317	11075	11901	12162	12850	13030
72	2748	3295	4885	0213	5769	6453	6864	7858	8238	9133	9748	10318	11076	11902	12163	12851	13031
73	2749	3296	4886	0214	5770	6454	6865	7859	8239	9134	9749	10319	11077	11903	12164	12852	13032
74	2750	3297	4887	0215	5771	6455	6866	7860	8240	9135	9750	10320	11078	11904	12165	12853	13033
75	2751	3298	4888	0216	5772	6456	6867	7861	8241	9136	9751	10321	11079	11905	12166	12854	13034
76	2752	3299	4889	0217	5773	6457	6868	7862	8242	9137	9752	10322	11080	11906	12167	12855	13035
77	2753	3300	4890	0218	5774	6458	6869	7863	8243	9138	9753	10323	11081	11907	12168	12856	13036
78	2754	3301	4891	0219	5775	6459	6870	7864	8244	9139	9754	10324	11082	11908	12169	12857	13037
79	2755	3302	4892	0220	5776	6460	6871	7865	8245	9140	9755	10325	11083	11909	12170	12858	13038
80	2756	3303	4893	0221	5777	6461	6872	7866	8246	9141	9756	10326	11084	11910	12171	12859	13039
81	2757	3304	4894	0222	5778	6462	6873	7867	8247	9142	9757	10327	11085	11911	12172	12860	13040
82	2758	3305	4895	0223	5779	6463	6874	7868	8248	9143	9758	10328	11086	11912	12173	12861	13041
83	2759	3306	4896	0224	5780	6464	6875	7869	8249	9144	9759	10329	11087	11913	12174	12862	13042
84	2760	3307	4897	0225	5781	6465	6876	7870	8250	9145	9760	10330	11088	11914	12175	12863	13043
85	2761	3308	4898	0226	5782	6466	6877	7871	8251	9146	9761	10331	11089	11915	12176	12864	13044
86	2762	3309	4899	0227	5783	6467	6878	7872	8252	9147	9762	10332	11090	11916	12177	12865	13045
87	2763	3310	4900	0228	5784	6468	6879	7873	8253	9148	9763	10333	11091	11917	12178	12866	13046
88	2764	3311	4901	0229	5785	6469	6880	7874	8254	9149	9764	10334	11092	11918	12179	12867	13047
89	2765	3312	4902	0230	5786	6470	6881	7875	8255	9150	9765	10335	11093	11919	12180	12868	13048
90	2766	3313	4903	0231	5787	6471	6882	7876	8256	9151	9766	10336	11094	11920	12181	12869	13049
9																	

WORLD STOCK MARKETS

[illegible]

© Current Unit Trust prices are available on FT Cityline. Calls charged at 45p per minute peak.

Continued on next page

[illegible]

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Citypage. Call or charged at 40p per minute, inc. VAT, and 34p off peak, inc. VAT. To obtain your free Unit Trust Close Booklet ring 0800 955 555.

[illegible]

CURRENCIES, MONEY AND CAPITAL MARKETS

MONEY MARKETS

Heading for a fall?

Britain and Italy must have general elections by the middle of 1992. Both countries have strong currencies in the European exchange rate mechanism at present, but will sterling and the lira remain firm as economic moves are increasingly influenced by political pressures?

UK clearing bank base lending rate 11.5 per cent, set by the Bank of England on May 24, 1991.

There is also a question about the impact of European monetary union, which is due to take a step forward in 1994, with fluctuations bands narrowing to 1% from 2% per cent. Spain and Britain's 6 per cent band should end in 1996.

The common factor keeping the Spanish peseta, lira and sterling at the top of the ERM is high interest rates. Spain cut rates on May 16, but international pressure may force the authorities in Madrid to ease again despite concern about inflation.

C IN NEW YORK

May 24	May 24	May 24
3-month	1.7500-1.7500	1.7500-1.7500
6-month	1.7500-1.7500	1.7500-1.7500
12-month	1.7500-1.7500	1.7500-1.7500

Forward premiums and discounts apply to the US dollar.

STERLING INDEX

May 24	May 24	May 24
0.00	92.1	92.1
1.00	92.1	92.1
2.00	92.1	92.1
3.00	92.1	92.1
4.00	92.1	92.1

CURRENCY RATES

May 24	May 24	May 24
US dollar	1.7500-1.7500	1.7500-1.7500
Japanese yen	160.00-160.00	160.00-160.00
Swiss franc	1.7500-1.7500	1.7500-1.7500

OTHER CURRENCIES

May 24	May 24	May 24
US dollar	1.7500-1.7500	1.7500-1.7500
Japanese yen	160.00-160.00	160.00-160.00
Swiss franc	1.7500-1.7500	1.7500-1.7500

CHICAGO

May 24	May 24	May 24
US dollar	1.7500-1.7500	1.7500-1.7500
Japanese yen	160.00-160.00	160.00-160.00
Swiss franc	1.7500-1.7500	1.7500-1.7500

U.S. TREASURY BILLS (MAY 24)

May 24	May 24	May 24
US dollar	1.7500-1.7500	1.7500-1.7500
Japanese yen	160.00-160.00	160.00-160.00
Swiss franc	1.7500-1.7500	1.7500-1.7500

U.S. TREASURY BILLS (MAY 24)

May 24	May 24	May 24
US dollar	1.7500-1.7500	1.7500-1.7500
Japanese yen	160.00-160.00	160.00-160.00
Swiss franc	1.7500-1.7500	1.7500-1.7500

U.S. TREASURY BILLS (MAY 24)

May 24	May 24	May 24
US dollar	1.7500-1.7500	1.7500-1.7500
Japanese yen	160.00-160.00	160.00-160.00
Swiss franc	1.7500-1.7500	1.7500-1.7500

U.S. TREASURY BILLS (MAY 24)

May 24	May 24	May 24
US dollar	1.7500-1.7500	1.7500-1.7500
Japanese yen	160.00-160.00	160.00-160.00
Swiss franc	1.7500-1.7500	1.7500-1.7500

U.S. TREASURY BILLS (MAY 24)

May 24	May 24	May 24
US dollar	1.7500-1.7500	1.7500-1.7500
Japanese yen	160.00-160.00	160.00-160.00
Swiss franc	1.7500-1.7500	1.7500-1.7500

U.S. TREASURY BILLS (MAY 24)

May 24	May 24	May 24
US dollar	1.7500-1.7500	1.7500-1.7500
Japanese yen	160.00-160.00	160.00-160.00
Swiss franc	1.7500-1.7500	1.7500-1.7500

U.S. TREASURY BILLS (MAY 24)

May 24	May 24	May 24
US dollar	1.7500-1.7500	1.7500-1.7500
Japanese yen	160.00-160.00	160.00-160.00
Swiss franc	1.7500-1.7500	1.7500-1.7500

U.S. TREASURY BILLS (MAY 24)

May 24	May 24	May 24
US dollar	1.7500-1.7500	1.7500-1.7500
Japanese yen	160.00-160.00	160.00-160.00
Swiss franc	1.7500-1.7500	1.7500-1.7500

U.S. TREASURY BILLS (MAY 24)

May 24	May 24	May 24
US dollar	1.7500-1.7500	1.7500-1.7500
Japanese yen	160.00-160.00	160.00-160.00
Swiss franc	1.7500-1.7500	1.7500-1.7500

U.S. TREASURY BILLS (MAY 24)

May 24	May 24	May 24
US dollar	1.7500-1.7500	1.7500-1.7500
Japanese yen	160.00-160.00	160.00-160.00
Swiss franc	1.7500-1.7500	1.7500-1.7500

U.S. TREASURY BILLS (MAY 24)

May 24	May 24	May 24
US dollar	1.7500-1.7500	1.7500-1.7500
Japanese yen	160.00-160.00	160.00-160.00
Swiss franc	1.7500-1.7500	1.7500-1.7500

U.S. TREASURY BILLS (MAY 24)

May 24	May 24	May 24
US dollar	1.7500-1.7500	1.7500-1.7500
Japanese yen	160.00-160.00	160.00-160.00
Swiss franc	1.7500-1.7500	1.7500-1.7500

So far fears that the British government will be forced to give unemployment a higher priority than keeping inflation down, in the run up to a general election, have not had any impact on sterling.

But Dr Brendan Brown, economist at Mitsubishi Finance International, believes that a cut in UK rates to about 8 per cent, may be essential by spring 1992 to keep the economy on a recovery course with unemployment projected to be near 11 per cent of the labour force. This according to Dr Brown is likely to result in a devaluation of the pound, probably in the late spring or summer of 1992.

Apart from an approaching general election Italy must prepare for a severe programme of deflation, if the lira is to line up with the low inflation currencies for the 1994 move towards EMU.

Dr Brown suggests that a tight fiscal package, aimed at deflation, is likely to be accompanied by lower Italian interest rates, to stave off a recession, but this will involve a devaluation of the lira.

Dr Brown suggests that a tight fiscal package, aimed at deflation, is likely to be accompanied by lower Italian interest rates, to stave off a recession, but this will involve a devaluation of the lira.

CURRENCY MOVEMENTS

May 24	May 24	May 24
US dollar	1.7500-1.7500	1.7500-1.7500
Japanese yen	160.00-160.00	160.00-160.00
Swiss franc	1.7500-1.7500	1.7500-1.7500

STERLING INDEX

May 24	May 24	May 24
0.00	92.1	92.1
1.00	92.1	92.1
2.00	92.1	92.1
3.00	92.1	92.1
4.00	92.1	92.1

CURRENCY RATES

May 24	May 24	May 24
US dollar	1.7500-1.7500	1.7500-1.7500
Japanese yen	160.00-160.00	160.00-160.00
Swiss franc	1.7500-1.7500	1.7500-1.7500

OTHER CURRENCIES

May 24	May 24	May 24
US dollar	1.7500-1.7500	1.7500-1.7500
Japanese yen	160.00-160.00	160.00-160.00
Swiss franc	1.7500-1.7500	1.7500-1.7500

CHICAGO

May 24	May 24	May 24
US dollar	1.7500-1.7500	1.7500-1.7500
Japanese yen	160.00-160.00	160.00-160.00
Swiss franc	1.7500-1.7500	1.7500-1.7500

U.S. TREASURY BILLS (MAY 24)

May 24	May 24	May 24
US dollar	1.7500-1.7500	1.7500-1.7500
Japanese yen	160.00-160.00	160.00-160.00
Swiss franc	1.7500-1.7500	1.7500-1.7500

U.S. TREASURY BILLS (MAY 24)

May 24	May 24	May 24
US dollar	1.7500-1.7500	1.7500-1.7500
Japanese yen	160.00-160.00	160.00-160.00
Swiss franc	1.7500-1.7500	1.7500-1.7500

U.S. TREASURY BILLS (MAY 24)

May 24	May 24	May 24
US dollar	1.7500-1.7500	1.7500-1.7500
Japanese yen	160.00-160.00	160.00-160.00
Swiss franc	1.7500-1.7500	1.7500-1.7500

U.S. TREASURY BILLS (MAY 24)

May 24	May 24	May 24
US dollar	1.7500-1.7500	1.7500-1.7500
Japanese yen	160.00-160.00	160.00-160.00
Swiss franc	1.7500-1.7500	1.7500-1.7500

U.S. TREASURY BILLS (MAY 24)

May 24	May 24	May 24
US dollar	1.7500-1.7500	1.7500-1.7500
Japanese yen	160.00-160.00	160.00-160.00
Swiss franc	1.7500-1.7500	1.7500-1.7500

U.S. TREASURY BILLS (MAY 24)

May 24	May 24	May 24
US dollar	1.7500-1.7500	1.7500-1.7500
Japanese yen	160.00-160.00	160.00-160.00
Swiss franc	1.7500-1.7500	1.7500-1.7500

U.S. TREASURY BILLS (MAY 24)

May 24	May 24	May 24
US dollar	1.7500-1.7500	1.7500-1.7500
Japanese yen	160.00-160.00	160.00-160.00
Swiss franc	1.7500-1.7500	1.7500-1.7500

U.S. TREASURY BILLS (MAY 24)

May 24	May 24	May 24
US dollar	1.7500-1.7500	1.7500-1.7500
Japanese yen	160.00-160.00	160.00-160.00
Swiss franc	1.7500-1.7500	1.7500-1.7500

U.S. TREASURY BILLS (MAY 24)

May 24	May 24	May 24
US dollar	1.7500-1.7500	1.7500-1.7500
Japanese yen	160.00-160.00	160.00-160.00
Swiss franc	1.7500-1.7500	1.7500-1.7500

U.S. TREASURY BILLS (MAY 24)

May 24	May 24	May 24
US dollar	1.7500-1.7500	1.7500-1.7500
Japanese yen	160.00-160.00	160.00-160.00
Swiss franc	1.7500-1.7500	1.7500-1.7500

U.S. TREASURY BILLS (MAY 24)

May 24	May 24	May 24
US dollar	1.7500-1.7500	1.7500-1.7500
Japanese yen	160.00-160.00	160.00-160.00
Swiss franc	1.7500-1.7500	1.7500-1.7500

U.S. TREASURY BILLS (MAY 24)

May 24	May 24	May 24
US dollar	1.7500-1.7500	1.7500-1.7500
Japanese yen	160.00-160.00	160.00-160.00
Swiss franc	1.7500-1.7500	1.7500-1.7500

POUND SPOT - FORWARD AGAINST THE POUND

May 24	May 24	May 24
US dollar	1.7500-1.7500	1.7500-1.7500
Japanese yen	160.00-160.00	160.00-160.00
Swiss franc	1.7500-1.7500	1.7500-1.7500

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

May 24	May 24	May 24
US dollar	1.7500-1.7500	1.7500-1.7500
Japanese yen	160.00-160.00	160.00-160.00
Swiss franc	1.7500-1.7500	1.7500-1.7500

EXCHANGE CROSS RATES

May 24	May 24	May 24
US dollar	1.7500-1.7500	1.7500-1.7500
Japanese yen	160.00-160.00	160.00-160.00
Swiss franc	1.7500-1.7500	1.7500-1.7500

EURO-CURRENCY INTEREST RATES

May 24	May 24	May 24
US dollar	1.7500-1.7500	1.7500-1.7500
Japanese yen	160.00-160.00	160.00-160.00
Swiss franc	1.7500-1.7500	1.7500-1.7500

FT LONDON INTERBANK FIXING

May 24	May 24	May 24
US dollar	1.7500-1.7500	1.7500-1.7500
Japanese yen	160.00-160.00	160.00-160.00
Swiss franc	1.7500-1.7500	1.7500-1.7500

MONEY RATES

May 24	May 24	May 24
US dollar	1.7500-1.7500	1.7500-1.7500
Japanese yen	160.00-160.00	160.00-160.00
Swiss franc	1.7500-1.7500	1.7500-1.7500

NEW YORK

May 24	May 24	May 24
US dollar	1.7500-1.7500	1.7500-1.7500
Japanese yen	160.00-160.00	160.00-160.00
Swiss franc	1.7500-1.7500	1.7500-1.7500

LONDON MONEY RATES

May 24	May 24	May 24
US dollar	1.7500-1.7500	1.7500-1.7500
Japanese yen	160.00-160.00	160.00-160.00
Swiss franc	1.7500-1.7500	1.7500-1.7500

FT-ACTUARIES WORLD INDICES

May 24	May 24	May 24
US dollar	1.7500-1.7500	1.7500-1.7500
Japanese yen	160.00-160.00	160.00-160.00
Swiss franc	1.7500-1.7500	1.7500-1.7500

NATIONAL AND REGIONAL MARKETS

May 24	May 24	May 24
US dollar	1.7500-1.7500	1.7500-1.7500
Japanese yen	160.00-160.00	160.00-160.00
Swiss franc	1.7500-1.7500	1.7500-1.

● For Latest Share Prices on any telephone ring direct-0800 43 1 four digit code (listed below). Calls charged at 45p per minute peak and 34p off peak. inc. VAT

AMERICANS									
Symbol	Stock	Price	Change	Symbol	Stock	Price	Change	Symbol	Stock
100	100	100	100	100	100	100	100	100	100
101	101	101	101	102	102	102	102	103	103
104	104	104	104	105	105	105	105	106	106
107	107	107	107	108	108	108	108	109	109
110	110	110	110	111	111	111	111	112	112
113	113	113	113	114	114	114	114	115	115
116	116	116	116	117	117	117	117	118	118
119	119	119	119	120	120	120	120	121	121
122	122	122	122	123	123	123	123	124	124
125	125	125	125	126	126	126	126	127	127
128	128	128	128	129	129	129	129	130	130
131	131	131	131	132	132	132	132	133	133
134	134	134	134	135	135	135	135	136	136
137	137	137	137	138	138	138	138	139	139
140	140	140	140	141	141	141	141	142	142
143	143	143	143	144	144	144	144	145	145
146	146	146	146	147	147	147	147	148	148
149	149	149	149	150	150	150	150	151	151
152	152	152	152	153	153	153	153	154	154
155	155	155	155	156	156	156	156	157	157
158	158	158	158	159	159	159	159	160	160
161	161	161	161	162	162	162	162	163	163
164	164	164	164	165	165	165	165	166	166
167	167	167	167	168	168	168	168	169	169
170	170	170	170	171	171	171	171	172	172
173	173	173	173	174	174	174	174	175	175
176	176	176	176	177	177	177	177	178	178
179	179	179	179	180	180	180	180	181	181
182	182	182	182	183	183	183	183	184	184
185	185	185	185	186	186	186	186	187	187
188	188	188	188	189	189	189	189	190	190
191	191	191	191	192	192	192	192	193	193
194	194	194	194	195	195	195	195	196	196
197	197	197	197	198	198	198	198	199	199
200	200	200	200	201	201	201	201	202	202
203	203	203	203	204	204	204	204	205	205
206	206	206	206	207	207	207	207	208	208
209	209	209	209	210	210	210	210	211	211
212	212	212	212	213	213	213	213	214	214
215	215	215	215	216	216	216	216	217	217
218	218	218	218	219	219	219	219	220	220
221	221	221	221	222	222	222	222	223	223
224	224	224	224	225	225	225	225	226	226
227	227	227	227	228	228	228	228	229	229
230	230	230	230	231	231	231	231	232	232
233	233	233	233						

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Company	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541
---------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------

Continued on next page

The FT proposes to publish this survey on June 17 1991. The Financial Times unsurpassed reputation for producing topical authoritative editorial, ensures that this survey will be an essential point of reference for all businessmen interested in fast and accurate automatic data capture. If you want to reach this important audience, call Jessica Perry on 071 873 4611 or fax 071 873 3062.

FT SURVEYS

دولت، ملت

The 'vision thing' at the LSE

He is particularly proud of the LSE's European credentials. One-sixth of its students come from the European mainland, with Germany sending the next largest number after

A lawyer for every season

Actively to encourage individual prisoners to litigate a myriad of complaints against correctional authorities seems, however, to go beyond equipping the underprivileged with



Actions against hospitals and doctors, which have increased 300 per cent since the 1970s, have seen doctors' medical insurance premiums rocketing more than 30-fold. The premiums can cost a doctor upwards of \$50,000 a year, a cost that is passed on to the hapless patient who is without a national health service. So far the courts in Britain have limited the scope of medical negligence to those cases where it can be demonstrated that there was an insubstantial body of medical opinion to support the impugned treatment

Warren Burger, US chief justice from 1969 to 1986, in a book review published in the New York Times recently, the former chief justice cites a speech made to the American Bar Association in 1906 by the then Dean of the Harvard Law School, Roscoe Pound, in which he criticised lawyers for making litigation a "sporting contest". The Association did not take kindly to the criticism and initially refused to publish the speech. The indictment stands and is given more weight by the recent litigation

If English courts are to be made more accessible, legal aid made more readily available to a wider range of citizens, and if genuine disputes are to be more expeditiously resolved, there is no social value in promoting litigation beyond the point which can be reasonably justified.



'We've got to recognise the threats on the horizon'

PERSONAL FILE

1938 Born. Educated West Buckland School, Devon, and Oxford and Leicester Universities.

1963-73 Lecturer in biochemistry, University of Leicester

1974-76 Professor, University of Essex

1976-81 Chief Scientist, Central Policy Review Staff

1981-90 Vice-Chancellor, University of Salford

1990- Director, London School of Economics

the director's injunction, "that I can look to all of you for support in the very public campaign . . . to be sure of success". Mr Ashworth is up-beat about his prospects, "Its outcome depends on whether the government wishes to signal its commitment to higher education and training by using the site for public education purposes. It has every reason

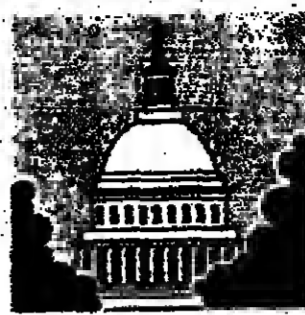
He welcomes most of the changes announced in last week's *white papers* on further and higher education, especially the ending of the so-called binary divide between universities and polytechnics.

"The existence of the binary divide perpetuated the illusion that there are only two kinds of higher-education institutions in Britain. In fact there are four or five tiers, and people will start to realise that."

And what of Mr Ashworth by the year 2000? The L.S. dominates the horizon for the foreseeable future. "Four years in the Cabinet Office inoculated me against any desire to become a politician". But once safely ensconced in Mr Livingstone's chair at County Hall who knows?

Positive trends include what Mr McKelvey calls a "reasonably definitive" recovery in the housing market, usually a reliable leading indicator for the economy; an increase in retail sales that some hope may mark the beginning of a consumer revival; and an abnormally low level of inventories

A C-minus for economics



MICHAEL PROWSE on America

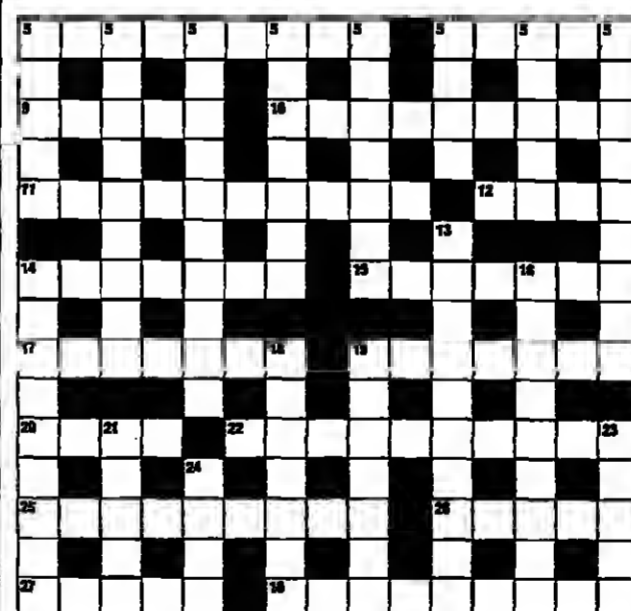
Against this backdrop, predictions of imminent recovery seem rash. (Recall the claims in January that the "worst is now behind us.") Forecasters have convinced themselves

The recession is thus likely to be followed by a return to the sluggish growth that has characterised the entire Bush presidency. If I were an American, I would be voting for fresh faces next year.

JOTTER PAD

CROSSWORD

No.7,553 Set by TANTALUS



ACROSS

- | UP | DOWN |
|---|--|
| 1 Sheridan's opponents? (3,5) | 1 Examining of seeds (5) |
| 6 Looks forward to being in
Spain, especially today (5) | 2 Copper for example a stu-
dent finds basic (3) |
| 8 Bad weather for good man
to entertain general (3) | 3 Bury iron with boy and dis-
cover protein (10) |
| 10 About effect for (3) | 4 Set out to meet discipli-
ne (7) |
| 11 Mental lapse, but in Ger-
many there's allowance (10) | 5 Following disturbed rest, di-
et change vitamins? (7) |
| 12 Fondles favorites (4) | 6 Inexpensive heading off to
make a pilot? (4) |
| 14 It's drastic once meter goes
wrong (7) | 7 First to fill a pump (5) |
| 15 500 a penny! Led gets sweet-
est fruit (7) | 8 Nurse given orient-
ation perfume (3) |
| 17 Rears out spotting photo-
graphic equipment (7) | 9 Show preference (10) |
| 18 Strange secret surrounding
second iron basket (7) | 10 Dream to be mixed to appli-
cation (3) |
| 20 Troop always carries some-
thing valuable (4) | 11 Old boy going to conference
as a menia (3) |
| 22 Seeks assistance initially,
Prism soon confused with
contrast (10) | 12 Seeks voice on board for
Irish stew? (7) |
| 23 If may assist poor auditor (3) | 13 New preacher not hot, but
he leaps about? (7) |
| 26 Scotsman returns with com-
mercial depicting nymph (3) | 14 Fruit gets very soft in beer
(5) |
| 27 At any time, the first to
transform (5) | 15 Knote done awkwardly by
scout leader (6) |
| 28 Servicemen able to achieve
greatness? (3) | 16 Travels on way to main
point of action (4) |

DOWN

- 2) Examine for example a student finds basic (3)
- 3) Bury into with boy and discover protein (10)
- 4) set out to meet disciplin (7)
- 5) Following disturbed rest, change vitamins? (7)
- 6) Inexpensive heading off to make a pilot (4)
- 7) First to fill a pump (5)
- 8) These given orientate perfume (3)
- 9) Show preference (10)
- 10) Dream to be mixed to application (5)
- 11) Old boy going to conference is a mania (3)
- 12) Convince a vote on board (5)
- 13) Irish stew? (7)
- 14) New preacher not hot, but he leaps about? (7)
- 15) Fruit gets very soft in beer (5)
- 16) Knave done awkwardly by scout leader (6)
- 17) Deviate on way to main point of action (4)

NOTICE OF REPAYMENT

SANPAOLO ISTITUTO BANCARIO
SAN PAOLO DI TORINO

Istituto Bancario San Paolo di Torino, Amsterdam Branch
Yen 10,000,000,000 7.25 % Nikkei
linked Depositary Receipt due June 28, 1992
 issued by The Law Debenture Trust Corporation plc.

In accordance with clause 3 (b) of paragraph "Repayment" of the Conditions of the Depositary Receipt, notice is hereby given that Istituto Bancario San Paolo di Torino, Amsterdam Branch, will repay on June 1, 1991 the deposits to The London Debenture Trust of the Depository Receipts of the Depository Trust, which will repay all the Depository Receipts outstanding at the "Redemption Amount", calculated as per clause 5 (c) of the Conditions. Repayment of principal will be made in accordance with the Conditions of the Depositary Receipt.

Amsterdam, 28th Mar. 1991

Istituto Bancario San Paolo di Torino
Hofweggracht, 446
1017CA Amsterdam

Saipaolo - Lariano Bank S.A.
12, Avenue de la Liberté
L-1930 Luxembourg

Banque Bruehlens Lambert SA
Avenue Marnix 24
B-1050 Brussels

The Prudential

Insurance Company of America
U.S. \$500,000,000
Collateralized Mortgage Obligations
Series 1986-1

for the period 28th May, 1991 to 25th June, 1991 the Bonds will carry an Interest Rate of 6.3875% per annum with an Interest Amount of U.S. \$86.78 per U.S. \$50,000 (the original Principal Amount) Bond, payable on 25th June, 1991. The Principal Amount of the Bonds outstanding is expected to be 4.935418588% the original Principal Amount of the Bonds, U.S. \$17,467.71 per Bond until the Fifty Fourth Payment Date.

Bankers Trust
Company, London

BASE LENDING RATES

ASB Bank	11.5	Comer. Bk. of London Plc.	11.5	McDonald's (Franch.) Inc.	21.5
Atlas & Company	12	Co-operative Bank	12	Mellat Bank	11.5
Bank of Africa	12	Crédit Agricole	11.5	Mitsui Bank	11.5
ABN Bank	12	Crédit de G.	11.5	Monte Carlo	11.5
■ Heavy Advertiser	11.5	Crédit Foncier Bk.	12	Of Bank of Montreal	11.5
B & C Merchant Bank	11.5	Dauhar Bank PLC	12	Paribas	11.5
Bank of America	12	Deutsche L&M	12	Northwestern Bank	12
Bank of Africa	12	Estimotek Bank Ltd.	12	Paribas (Switzerland)	11.5
Bank of Africa (Africa)	12	Exterior Bank	12	Provincial Bank PLC	14
Bank of Africa & Congo	12	Financial B. Co. Bank	12	Real Estate Bank	11.5
Bank of Cyprus	12	Fleet National Bank	12	Royal Bk. of Scotland	11.5
Bank of Ireland	12	■ Robert Fleming & Co.	11.5	Swiss & Williams Sec.	11.5
Bank of India	12	Robert Fraser & Pears.	12	Standard Chartered	11.5
Bank of Japan	12	■ Royal Bank of Canada	11.5	TSB	11.5
Bank of London	12	■ Generali Bank	11.5	Union Bank	11.5
Bank of Montreal	12	■ Handelsbank	11.5	■ United Bk. of Russia	11.5
Bank of New York	12	Hanscom Trust Plc.	12.5	United National Bank	12
Bank of Paris	12	Herzliya Bk. Co. Bank	12	Valley Trust Bank Plc.	11.5
Bank of Spain	12	■ Hibernia	11.5	Wells Fargo Bank	11.5
Bank of Sweden	12	■ C. Ince & Co.	12	Western Bank Corp.	11.5
Bank of Switzerland	11.5	Hongkong & Shanghai	11.5	Windsor Bank	11.5
■ Chartered Bank	11.5	■ Longwell James & Sons	11.5	Yorkshire Bank	11.5
Chase Bank	12	Lloyds Bank	12	■ Members of British Museum	11.5
City Merchant Bank	12	■ Royal Bank of Scotland	11.5	Banking & Securities	11.5
Credit Suisse	11.5				